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ABSTRACT

This document consists of two publications: a participants' booklet designed to promote discussion among small groups, and a Leader's Guide. The participants' booklet contains information on four important issues in the 1992 election year: health care, the economy, welfare reform, and foreign policy. "The Health Care Crisis in America" contains background information, a discussion of ethical issues, a discussion of policy issues, and a list of sources of additional information. "Revitalizing America's Economy for the 21st Century" presents background information, four general views of the primary problems in the economy, and a variety of proposals for immediate steps the federal government could take to revitalize the economy. "Welfare Reform: What Should We Do For Our Nation's Poor?" presents background information on poverty and the welfare system and four approaches to welfare reform. "The Role of the United States in a Changing World" offers four alternative approaches for the future of U.S. foreign policy. The Leaders Guide provides questions for leading a discussion on each of these issues, and suggestions for organizing a study circle. (DB)

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Election '92 Discussion Set

- *The Health Care Crisis in America*
- *Revitalizing America's Economy for the 21st Century*
- *Welfare Reform: What Should We Do For Our Nation's Poor?*
- *The Role of the United States in a Changing World*

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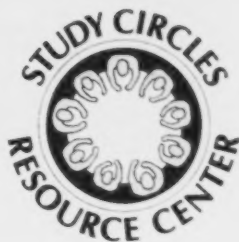
The Election Year Discussion Set was developed by the Study Circles Resource Center (SCRC). SCRC is funded by Topsfield Foundation, Inc., a private, non-profit, non-partisan foundation dedicated to advancing deliberative democracy and improving the quality of public life in the United States. SCRC carries out this mission by promoting the use of small-group, democratic, highly participatory discussions known as study circles. Please write SCRC, PO Box 203, Pomfret, CT 06258 or call (203) 928-2616 for more information on study circles and the Study Circles Resource Center.

The Election Year Discussion Set includes this participant's booklet and an accompanying Leader's Guide which offers suggestions for organizing and leading study circles based on this material.

Program Editor: Martha McCoy

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Dear study circle participant,

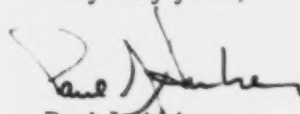
The Study Circles Resource Center is pleased to present this Election Year Discussion Set as a tool for thoughtful discussion of some of the most critical issues facing our nation in 1992. By joining with others to examine the issues of health care policy, revitalizing the economy, welfare reform, and our nation's role in the world, you will be better informed of the issues that will shape this year's campaigns.

Study circles are small-group, democratic, highly participatory discussions. They can take place wherever there are concerned citizens who are willing to re-examine the issues, listen to one another, and give a fair hearing to a wide range of viewpoints. The discussion programs in this set, each of which lays out a range of viewpoints as the basis for dialogue, provide a tool for groups who want to practice this kind of democratic discussion.

This Election Year Discussion Set also offers recommendations for making your study circle a two-way conversation between citizens and policymakers. By inviting your U.S. congressional representative or a current candidate for the office to a wrap-up session, you will have the opportunity to directly express your views and to help candidates reconsider their positions. The accompanying Leader's Guide offers specific suggestions for making this happen.

Meeting together, thoughtfully listening and talking, and considering one another's views are essential to the democratic process. We hope that the Election Year Discussion Set will inspire you to take part in this richly rewarding experience.

Very truly yours,



Paul J. Aicher
Chairman

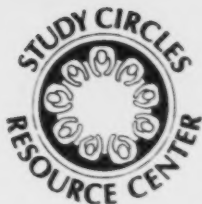
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Suggestions for Participants

The goal of a study circle is not to learn a lot of facts, or to attain group consensus, but rather to deepen each person's understanding of the issue. This can occur in a focused discussion when people exchange views freely and consider a variety of viewpoints. The process — democratic discussion among equals — is as important as the content.

The following points are intended to help you make the most of your study circle experience and to suggest ways in which you can help the group.

- **Listen carefully to others.** Make sure you are giving everyone the chance to speak.
- **Maintain an open mind.** You don't score points by rigidly sticking to your early statements. Feel free to explore ideas that you have rejected or failed to consider in the past.
- **Strive to understand the position of those who disagree with you.** Your own knowledge is not complete until you understand other participants' points of view and why they feel the way they do. It is important to respect people who disagree with you; they have reasons for their beliefs. You should be able to make a good case for positions you disagree with. This level of comprehension and empathy will make you a much better advocate for whatever position you come to.
- **Help keep the discussion on track.** Make sure your remarks are relevant; if necessary, explain how your points are related to the discussion. Try to make your points while they are pertinent.
- **Speak your mind freely, but don't monopolize the discussion.** If you tend to talk a lot in groups, leave room for quieter people.

Be aware that some people may want to speak but are intimidated by more assertive people.

- **Address your remarks to the group rather than the leader.** Feel free to address your remarks to a particular participant, especially one who has not been heard from or who you think may have special insight. Don't hesitate to question other participants to learn more about their ideas.

- **Communicate your needs to the leader.** The leader is responsible for guiding the discussion, summarizing key ideas, and soliciting clarification of unclear points, but he/she may need advice on when this is necessary. Chances are you are not alone when you don't understand what someone has said.

- **Value your own experience and opinions.** Everyone in the group, including you, has unique knowledge and experience; this variety makes the discussion an interesting learning experience for all. Don't feel pressured to speak, but realize that failing to speak means robbing the group of your wisdom.

- **Engage in friendly disagreement.** Differences can invigorate the group, especially when it is relatively homogeneous on the surface. Don't hesitate to challenge ideas you disagree with. Don't be afraid to play devil's advocate, but don't go overboard. If the discussion becomes heated, ask yourself and others whether reason or emotion is running the show.

- **Remember that humor and a pleasant manner can go far in helping you make your points.** A belligerent attitude may prevent acceptance of your assertions. Be aware of how your body language can close you off from the group.



The Health Care Crisis in America

*"Never doubt that a small group of thoughtful, committed citizens can change the world.
Indeed, it is the only thing that ever has."*

Margaret Mead

The Health Care Crisis in America

Primary Author: Mark Niedergang

We are grateful for the assistance of
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and

Mary Strong, Chairperson
American Health Decisions
Boston, MA
and
Citizens' Committee on Biomedical Ethics, Inc.
Summit, NJ

Introduction

There is a general consensus that our health care system is in crisis, but as yet there is no consensus on what to do about it. The result is a growing national debate on health care reform – a debate whose result will affect the lives of millions of Americans.

The Health Care Crisis in America will help you and your group enter into the deliberation of this important issue. The program provides a framework for discussing the problems in our health care system and what our priorities should be as we try to reform it.

Participation in this study circle does not require specialized knowledge. The job of a citizen is the job of a generalist: if you develop thoughtful opinions about the basic ethical and policy issues, you will be able to provide important input to elected officials. Though this program is written primarily for the person just beginning to think about health care issues, it will also be useful for policymakers and health care providers.

After introducing some background information on current problems in the health care system, this program presents guidelines for a two-part discussion:

“Part I – Ethical Issues” is the core of *The Health Care Crisis in America*. This part provides a framework for discussing the beliefs and values that underlie the hard choices we have ahead of us as we attempt to reform the health care system. These tough choices derive from competing values such as fairness, efficiency, equity, justice, freedom from government interference, and individual autonomy. This part will help your group to weigh these values and consider what our health care system should provide.

“Part II – Policy Issues” focuses on proposed reforms, first by looking at ways in which some states have restructured their health care systems, and then by examining three basic approaches for health care reform on the national level. There are a multitude of reform plans, and many more are likely to emerge, but most of them fall into one of these general approaches or combine elements from several of them. By presenting the strengths and weaknesses of each basic approach, this part will help your group consider how well any particular proposal can satisfy the goals you discussed in Part I. It will also provide a way to understand the policy debate as it continues to unfold.

Ultimately, the shape of our health care system will be determined by decisions that are made by the president and Congress, and, to a lesser extent, by the governors and legislatures in the 50 states. You can be certain that health care will be a major issue throughout the 1990s. Candidates and elected officials will be looking to the public for guidance and political support. We hope that you will be better prepared to offer that guidance and support after participating in this program.

Background

What's Wrong with Health Care in America?

Health care is an issue which touches everyone. You probably have stories about the high cost of medical care or problems with health insurance and how they have affected you or someone you know. You've probably known or heard of people having illnesses or accidents that aren't covered under their insurance policies, or about families that can't afford health insurance.

Many experts think that our health care system is approaching a breakdown. They cite the following facts and figures:

- An estimated 33 million Americans are without health insurance at any one time. Twice as many are without insurance at some point in each calendar year. Tens of millions more are under-insured.
- The U.S. government will spend \$156 billion for Medicare and Medicaid in 1991, most of it for the elderly, while an estimated 9 million children and 14 million women of childbearing age have no health insurance.
- Increasing numbers of middle-class Americans are unable to obtain adequate health insurance after a layoff or job change.
- Medical costs are increasing at about eight percent a year, more than twice the general rate of inflation. At the current rate of growth, America's health care costs will double by the year 2000.
- The U.S. spends far more per person than any other country on health care, approximately 40% more than Canada (the next highest spender) and twice as much as Japan and Germany.
- Despite a high level of spending and the most advanced medical technology in the world, Americans are less healthy than people in many other nations. We are 15th in life expectancy. We rank 22nd in infant mortality and 21st in childhood mortality (the percentage of infants who die in the first year of life and first five years of life, respectively), below some third world countries.
- Americans are not happy with their health care system. In a poll in 1988, 89% of Americans said that the health care system "requires fundamental change or complete rebuilding."

The list could go on and on.

Although our health care system is in trouble, it does have some redeeming features. Americans with full health insurance coverage may well receive the best medical care in the world. Polls reveal that most Americans, although dissatisfied with the *system*, are satisfied with their own personal health care. And Americans are not alone in disliking the system: people in most other nations dislike their health care systems, too. Only in Canada does a majority think their nation's health system works well.

Although the problems are varied, there are three key issues that always come up in discussions about health care in America:

- 1) Growing numbers of people without health insurance;
- 2) Inadequate coverage for many who are insured; and
- 3) The high and rising cost of health care.

1) Growing numbers of people without health insurance

Medical care for a serious illness or accident is so expensive that few people can afford it. Although most of us are healthy most of the time, we need financial protection just in case we become seriously ill. Health insurance is the answer.

The idea behind insurance is that everyone – the well and the sick, young and old, wealthy and poor – share the risk of a medical catastrophe and the costs of caring for the relatively few who need expensive medical care. Most people pay far more into the health care system in taxes, insurance payments (premiums), or through employer benefits than they will spend during their lifetime for health care. This excess pays for treating the unlucky few who need major medical care.

Most wealthy nations have established systems through which all residents have health insurance that pays for all medical expenses. In the United States, however, our health care system does not provide insurance for everyone, and the concept of sharing risk through insurance has been unraveling. Our setup is not really an organized system at all, but a patchwork of private and public programs – a quilt with holes.

Only about 87% of Americans have health insurance. Most people (59%) receive health insurance through an employer. (In most states, employers have no legal obligation to provide health insurance, however.) Another 7% have private, individual insurance which they purchase directly from an insurance company. The government provides health insurance to about one in five Americans through Medicare (11%), Medicaid (8%), or the military and Veterans Administration (2%).

That leaves one in every eight Americans (13%) – roughly 33 million people – without any health insurance at any given time. Almost twice as many people – 63 million – are without insurance for some period of time each year.

Who are the uninsured?

The vast majority of the uninsured are the working poor and their dependents. Sixty percent have jobs (most of them full-time) and another 15% are their dependents. Most of the uninsured are not poor enough to qualify for Medicaid and not old enough for Medicare.

A full 42% of the uninsured live in the South, the poorest region of the U.S. The uninsured are disproportionately non-white: one in four Hispanics has no health insurance, one in five blacks, but only one in ten whites. Surprisingly, 14% of the uninsured have incomes over \$40,000.

The number of uninsured Americans has been rising steadily over the past 10 years, at the rate of about 700,000 people per year. The main reasons:

Government health insurance programs

Medicare

Medicare is a national health insurance program, created in 1965, for people aged 65 and over and the disabled. Medicare is funded through a small payroll tax on workers and employers, and through premiums that some people pay for an optional plan. Almost all older Americans, about 34 million people, receive Medicare. Medicare is not "means-tested" – rich and poor alike receive benefits.

The basic Medicare insurance plan covers hospital costs. The additional plan covers 80% of the cost of most other medical services, leaving recipients to pay the other 20% out of their own pockets. Many buy private "Medigap" insurance policies to cover this difference.

Medicare does not cover "long-term care" – the kind of care needed by people who are unable to care for themselves. Long-term care has become a problem because many older people spend their life savings in a few years if they need nursing assistance at home or require a stay in a nursing home. Then they must declare poverty and apply for welfare and Medicaid.

Medicaid

Medicaid provides medical benefits to poor people who are eligible for welfare programs. Most households with incomes below the poverty line are not eligible to receive welfare (because of provisions set by individual states), and are therefore not eligible to receive Medicaid. Although the program was not established to pay for long-term care, two-thirds of Medicaid benefits go to people who are old and disabled. Funding comes from the state and federal governments.

Because Medicaid is run by the states, benefits and eligibility vary greatly. For example, in Alabama, a family of four cannot receive Medicaid if its income is more than \$1,416, while in Connecticut the figure is \$9,278. Only 40% of households in poverty now receive Medicaid, compared to 65% in 1973. (In 1990, the poverty line was \$6,652 for a single person, \$10,419 for a family of three.)

- Some employers have completely cut health benefits.
- Increases in premiums have made it impossible for many households to afford private insurance.
- More people have part-time or temporary jobs, or work for small businesses that don't offer health benefits.
- High-wage manufacturing jobs have been replaced with lower-wage service jobs, many without health benefits.
- To save money, state governments have been tightening eligibility standards for Medicaid.
- An estimated 2 1/2 million Americans are uninsurable because insurance companies consider them bad risks.

The effects of lack of insurance on health care

What do uninsured people do if they become ill or have an accident? Many put off treatment until the problem becomes an emergency, at which point health care is less effective and more expensive. People who live near enough go to emergency rooms in public hospitals or to public clinics, but these facilities are often crowded and overwhelmed. Many of the poor live in rural areas and do not have transportation to distant public health facilities. Only in life-threatening emergencies are private hospitals required by law to give treatment regardless of insurance coverage.

The bottom line is that people without health insurance receive less medical care and lower quality care than those who have insurance. They are less healthy than the insured, partly because they are poorer, but also because they lack access to health care. A report by Georgetown University School of Medicine showed that hospital patients without insurance die at three times the rate of insured patients, partly because they arrive at hospitals sicker than those with insurance, but also because they are less likely to undergo costly optional medical treatments.

2) Inadequate insurance for many who are insured

All health insurance plans are not equal. At one end are "comprehensive" plans which cover all hospital and medical costs. At the other end are minimal "catastrophic" or "major medical" plans that cover only hospitalization and critical medical care. These minimal plans often require co-payments and have a deductible, sometimes as high as \$10,000 per year.

Although employers' health insurance benefit plans vary widely, most have a core package that is fairly comprehensive, covering hospitalization and medical treatments for illness or accident. Frequently there is a deductible, but it is usually in the hundreds, not thousands, of dollars per year.

Medicare, if the optional insurance plan is purchased, is also fairly comprehensive. Medicaid coverage varies dramatically from state to state. In some states, recipients are often refused treatment because reimbursement rates are set so low that many doctors will not treat Medicaid patients.

People who are forced to purchase individual insurance pay far more than those who can obtain coverage as part of a group (for example, through an employer). Individual plans vary widely, depending upon needs, ability to pay, and willingness to take risks. Healthy individuals may decide to purchase a policy with a high deductible, while families with more medical expenses may prefer a more

One uninsured person's story

Louis Calderon is a nurse's aide and a single parent with two children. If he wants health insurance for his family, he has to pay an extra \$45 a week. He cannot afford it; instead he receives \$1.05 an hour in extra pay. He makes ends meet by working overtime, three or four extra shifts a week. But he is afraid that by working so much, he will be unable to provide his children with the attention they need.

Mr. Calderon recently paid off a \$500 hospital bill for his son after taking him to the emergency room for an ear infection. His other son recently needed stitches, and Mr. Calderon is waiting anxiously for the bill.

expensive policy with a lower deductible. Young people in their 20s frequently go without health insurance: they don't expect to get sick, individual insurance is expensive, and they either need or want to spend the money for the here and now rather than for the security of health insurance.

Long-term care is a problem for people with private insurance, as it is for Medicare recipients. Because most insurance plans have an upper limit, and because the cost of long-term medical care is so high, it is estimated that 53 million Americans have insurance that is insufficient to cover a serious long-term illness.

An emphasis on treatment at the expense of prevention

Both private and government insurance plans cover medical treatments more than they cover preventive measures ("wellness" approaches to health). Since most health insurance does not pay for routine checkups, preventive tests, and health maintenance programs, many Americans neglect regular checkups and basic tests for cancer, heart problems, and other diseases.

This emphasis on treatment developed because most medical bills are paid by a third party - government or an insurance company - which wants to spend as little as possible and pay for only essential treatment. Ironically, the result is that overall costs are higher than if prevention were emphasized.

Another reason for the focus on treatment rather than prevention is America's passion for technology and skill in developing it. The U.S. is the world leader in developing new drugs, new medical procedures, and new medical machinery. American inventions and developments have saved untold numbers of lives; yet some see this as being at the expense of low-technology, low-cost, preventive techniques that might save even more lives.

The rise of health maintenance organizations (HMOs) has begun to change the way that the medical establishment thinks about health care. HMOs provide comprehensive medical care to enrollees; that is, they cover prevention as well as treatment. (In order to reduce costs, HMOs "manage care," limiting a member's choice of health care providers.) Some HMOs offer health promotion programs such as exercise classes and stop-smoking clinics because it saves them money in the long run. The success of HMOs has convinced some insurance companies to include preventive care as an option in their health plans.

Reductions and restrictions in coverage

A big problem for many individuals is that in recent years insurance companies have become far more particular about whom they insure and what medical procedures they will cover. Many Americans now find that when they have to replace their health insurance because they have switched jobs, lost

Insurance terminology

Co-payment - The percentage of a medical bill which the person covered by a health insurance plan must pay. Often an insurance company will pay 80% of the bill and the individual must pay the remaining 20%.

Deductible - The amount that the covered person must pay during any given year before the insurance company will pay for medical bills. For example, suppose your deductible is \$200, your co-payment is 20%, and your first medical bill of the year is \$800. You must pay the first \$200, and then 20% of the remaining \$600, or \$150. So you would pay a total of \$350 and your insurance company would pay the rest, \$450.

Exclusion - A health problem for which an insurance policy will not provide coverage, usually due to a pre-existing condition.

Pre-existing condition - A medical condition which exists prior to enrollment in a health insurance plan. In some cases, the insurance company will exclude this condition from coverage, or charge more for including it.

Provider - An individual (physician, nurse practitioner, etc.) or institution (hospital, clinic, etc.) that supplies health care.

Third-party payor - An organization that pays an individual's medical bills. For example, government is a third-party payor under Medicare, and insurance companies are third-party payors for those who have private health insurance.

their job, or lost their health benefits in their current job, they cannot obtain the same coverage that they once had.

Commonly, insurance companies restrict coverage for pre-existing conditions – precisely those ailments which are most likely to require treatment. For example, if a person (or the person's spouse or child) has a diagnosed medical condition such as asthma, AIDS, chronic back problems, heart disease, or diabetes, a potential insurer may delay or deny coverage for that condition.

3) The high and rising cost of health care

A few facts give a sense of health care costs that are out of control:

- The United States has the most expensive health care in the world. We spend \$2,354 per person per year – at least 40% more than any other country in the world.
- In 1965, health care consumed 5% of the gross national product (GNP); today it takes more than twice as big a chunk of the GNP, almost 12%.
- Health insurance costs for businesses rose over 20% per year in the late 1980s.
- American businesses spent more on health insurance in 1989 than they earned in total after-tax profits. Health care costs add \$700 to the cost of Chrysler's American-built cars (but only \$223 to the cost of its cars built in Canada, which finances its national health insurance system through the income tax).

Other nations also have problems with rising medical costs. All developed countries must deal with several factors that push costs up: the aging of the population, the AIDS epidemic, and constant improvements in technology and drugs that enable doctors to treat more diseases and extend life. But other nations have been more successful at controlling rising costs because their health care systems are nationally coordinated, better organized, and more efficient.

Why are medical costs in America rising so fast? The main reason is the complete lack of incentives to spend less. Since a third-party payor – an insurance company or the government – pays the vast majority of bills, neither providers nor patients have a reason to forego optional tests and procedures, even if the chance of success is low.

The inability to control costs has led to a situation in which each participant in the health care system tries to shift costs onto the others. Stuart Altman, a Dean at Brandeis University, described this cost shifting as “almost an art form where every major player figures out some way of ‘sticking it to’ their neighbor.”

This cost-shifting “game” goes like this (and the beginning point could be anywhere):

- Government, not wanting to increase taxes, lowers payments for Medicare and Medicaid and tightens eligibility for Medicaid as more and more people seek assistance.
- Providers then charge more for their services in order to make up for lower payments by the government. The high cost of malpractice insurance and of processing medical claims also leads

Fear of exclusion from coverage creates a scare

Barry Michaels, a 34-year-old unemployed urban planner, was paying to be covered under the health insurance plan his wife had through her employer. Hunting for a job during a recession, he was concerned about his career and his family's financial situation. He was also caring for a newborn baby at home.

When he began to have chest pains periodically, he dismissed it as stress. But after several months, he feared a heart problem. He also feared going to the doctor to have his heart checked: if a heart problem were to appear in his medical records at this time, it was likely that when he found a new job and changed insurers, his new insurance company would refuse to cover him for heart-related problems. So, against the advice of his wife, he decided not to see a doctor.

Mr. Michaels found a job five months later, had a full checkup and an electro-cardiogram after his new health insurance began, and was fine.

to higher medical bills, as does the high cost of recently developed medical treatments.

- With higher charges, insurance companies have to put out more money to health care providers. Insurance companies pass on these higher costs, both to businesses and to individuals, in the form of higher premiums.
- Some businesses then discontinue providing insurance coverage for their employees, or cut benefits and require their employees to pay a larger share of their health insurance. In 1980, the average employee health insurance plan paid 80% of medical bills; by 1990 the figure was around 60%. As a result, health benefits have been the major issue in most strikes in the past few years.
- Individuals may become unable to pay out-of-pocket medical expenses or to purchase individual insurance coverage.

There are many different ideas about how to control health costs. You will find a discussion of this issue in "Part II - Policy Issues."

Growing numbers of uninsured, inadequate insurance for many who are insured, and the rising cost of health care have brought widespread calls for reform, if not for a complete restructuring, of the current system.

To solve these problems, however, we will need to make some difficult choices. Extending health insurance to cover 33 million people will cost a lot of money. Should a reformed health care system serve all Americans, even if it means that fewer Americans will obtain the highest quality care? Should we spend even more, or should we ration medical care? And if we ration, to whom do we deny what treatments?

These are tough questions. The next section focuses on ethical dilemmas such as these.

Why health care costs so much

- Our health care system focuses on treating the sick instead of on maintaining health. The result is costly medical problems which might have been prevented.
- The 33 million uninsured often forego treatment until they have an emergency (which often must be treated in hospital emergency rooms, where care is expensive).
- The U.S. health care system is extremely inefficient administratively. Providers must pay staff to fill out claims forms (sometimes as many as half a dozen forms per patient visit); insurance company and government employees are paid to decide whether to pay the claims. And the forms are not standardized - a serious problem, since there are 1,500 insurance companies, 50 states, and several federal agencies paying bills.
- There are no national standards for fees or for appropriate treatment, so there are no limits on what can be charged or on what tests or procedures can be done. This results in the perplexing - but not unusual - situation in which two hospitals in the same city charge wildly different prices for the same operation.
- There is no central authority (like the one that exists in most other nations) that can set and enforce spending limits.
- Because malpractice suits have been so prevalent, American doctors practice "defensive medicine," often ordering unnecessary tests in order to protect themselves in case of a lawsuit.
- America has more doctors who are specialists than do other countries, and specialists earn almost twice as much as general practitioners do.

Part I – Ethical Issues

What Should Our Health Care System Provide?

Many people are saying that health care is “the issue of the ’90s.” In order to play a constructive role in the national debate on improving the health care system, we must be clear about what we want our health care system to provide. Some goals will conflict with others; tradeoffs will be necessary. This section presents some ideas for discussing this difficult situation.

This will be the most important part of your study circle. The fundamental ethical questions about the goals of the system transcend discussion of specific reform plans. These questions are grouped under three broad headings:

- 1) Access to health care: Is it a right or is it a privilege?
- 2) Power to direct the system: How much for the government and how much for the private sector?
- 3) Rationing: Should we explicitly limit treatment for some in order to provide treatment for all?

1) Access to health care: Is it a right or is it a privilege?

A *right* is something to which people are entitled simply because they are members of society. When a society decides that something is a right, it creates an obligation for others to respect that right. Does society have an obligation to provide health care to all its members?

The history of health care in America suggests ambivalence on this question. While at times there has been strong interest in creating national health care – a system that would ensure that all Americans receive medical care – the sustained political support for such a commitment has been lacking.

Though interest in national health care has had its moments in our history, now is the first time since the early ’70s that events have forced us to reconsider the question of whether society has an obligation to provide health care to all. Is access to health care a right?

Some Americans would say “No, there is no right to health care.” A society is obligated to its members, but only to provide emergency care, and the United States already does that. National health care would be an unreasonable burden on society, they say, and it would require a larger role for government at a time when all levels of government in America are struggling financially. The middle class should not be forced to support the needy. We should not take another step toward the “cradle-to-grave” welfare state, the argument continues: too much security deprives people of the incentive to work.

Those who believe that health care is a right argue that as a wealthy society we do have a moral obligation to provide health care to all. In some cases, they argue, life itself is dependent

A history of national health care in America

The current arrangement in which employers provide health insurance for most Americans is not a planned system at all. It developed informally during World War II as a way to provide higher compensation to workers without raising wages, which had been frozen by law.

There have been several attempts over the past 50 years to pass a national health care law. After World War II, President Truman pushed for national health care, but opponents called it socialism; the anti-communism of the McCarthy era made new social welfare programs unattainable.

In 1965, the U.S. government created Medicare and Medicaid to provide health insurance for the elderly, the disabled, and the poor. Many believed these programs were just interim steps on the way to national health care. In 1973, President Nixon had substantial support for a national health care plan. But following his resignation after Watergate, the political momentum was lost.

upon access to health care; in many cases the quality of life is dependent upon that access. Supporters of national health care ask whether it is moral to allow people to die, or to live in pain and sickness, when we have the means to help. According to this argument, ability to pay should not determine access to health care. If we have to cut other government programs, raise taxes, or restructure the system in other ways, then so be it, they say.

While America has yet to decide whether health care is a right, all other developed nations except South Africa have established systems through which all of their residents have health insurance that pays for all medical expenses. This fact is often cited as evidence that the entire civilized developed world sees health care as a right. Opponents say that America is a more individualistic society than most other nations, with a tradition of less government involvement in personal affairs.

Those who believe that health care is a right must then answer other questions: What is the minimum that society is obligated to provide? How much health care is everyone entitled to? What are the limits of society's responsibility?

In answering these questions we tend to focus our attention on the poor. This is appropriate, for the poor need society's - and government's - help the most. What has changed in the past 10 years, however, is that medical care has become so expensive that increasing numbers of middle class people can no longer afford insurance. If we decide that health care is a right, society will need to help more than just the poor.

One thing that most Americans do agree on is that government, as society's agent, is responsible for seeing that society's will is carried out. Part of government's role is to lead, to make sure the health care system works, and to ensure that it reflects our values.

Should those who receive government assistance receive the same health insurance as everyone else? Do we want a system like Canada's in which everyone has comprehensive health insurance and is treated equally by the system? Or should government guarantee only a smaller, minimum package of health benefits to those it helps? If so, what should that minimum package include, and what medical treatments should be denied to people who cannot pay?

These are difficult questions. Most wealthy nations have already answered them, but America has not. We hope that you and your study circle will struggle with them and work toward your own answers.

2) Power to direct the system: How much for the government and how much for the private sector?

Thomas Jefferson said, "That government governs best which governs least." America has a political tradition of distrusting the national government. President Ronald Reagan's popularity was in part based upon an appeal to this streak of individualism and anti-government feeling. Some Americans believe that it is wrong for

Who is "the health care system"?

Our health care system involves many different players:

- **the individual**, as a patient, as a person who makes decisions about his or her own health each day, and as a buyer and/or recipient of health insurance coverage
- **businesses** (sometimes called the "private sector"), in the form of insurance companies, employers that provide health coverage, and manufacturers of drugs and medical equipment
- **the federal government**, which funds and administers Medicare and the VA hospital system, funds (along with state governments) Medicaid, supports medical research, and grants student loans to medical students
- **state governments**, which fund (along with the federal government) and administer Medicaid and regulate the insurance industry
- **local governments**, which run public hospitals and clinics
- **hospitals**, which exist in both the private and public sectors. Some private hospitals are run for profit and some are non-profit. Other clinics and hospitals are funded and run by the government.
- **providers**, the people (doctors, nurses, and other health professionals) and institutions (hospitals, clinics, and HMOs) that provide health care

government to create new social welfare programs, or that government is not qualified to play a bigger role in something as important as health care.

Another tradition in America, although not as powerful as individualism, is populism. Populism has been more distrustful of big business than of big government. Many Americans dislike big companies, especially banks and insurance companies, which are seen as faceless, heartless, and uncaring. Some Americans believe that private insurance companies' desire for profits is a big part of what's wrong with health care in America. Some just think that a system built around private profit will not work for the public good on something like health care.

Still others note that, despite these themes in the political culture, Americans have come to expect that government will take the responsibility for making sure that our basic needs are met, whether through public means, private means, or a combination of the two. While there are imperfections in any system, these people say that we should look for ways to ensure that government is more accountable to the public and that private power is regulated in ways that work toward the public good.

There are dozens of proposals for changing America's health care system, each with its own ideas about the proper roles for the public and the private sectors. Before weighing the particular proposals, you should consider your own view about how much power government should have in the health care system and how much power the private sector should have.

America's health care system is unusual because government – although it pays for about 40% of all medical costs – plays a small role compared to the role government plays in other developed nations. The private for-profit

sector – led by insurance companies and employers – plays a much larger role.

Most of the reforms that are proposed for the American health care system call for a larger role for government. The question of how much power the government should have leads to another critical question: "How should decisions about who receives health care be made, and who should make them?"

Canada vs. the U.S.: The power of the government

In recent polls, Americans have reacted favorably to the idea of a national health insurance system like Canada's. In Canada, provincial governments make all policy decisions about health care – from which machines hospitals can buy, to what treatments will not be provided to the elderly when it seems

How some other nations' health systems work

As with our health care system, these systems reflect their own cultures and societal values, and have been shaped by their particular historical experiences. Though most are considered more efficient than the American system, efficiency was not the only consideration when these systems were designed.

- Canada has national health insurance. Doctors and hospitals are in the private sector. People choose their own providers. The provincial (state) governments pay all the bills, set fees through negotiations with doctors and hospitals, and decide what new equipment doctors and hospitals can purchase.

- In Sweden and Great Britain, the government runs the health care system through a national health service. This is "socialized medicine." The government pays all the bills and decides how much money to spend and how to spend it. Most doctors work for the government and the government owns most hospitals. People choose their own providers.

- In Japan, 40% of the population has national health insurance through the government. Those who work for companies with over 700 employees receive insurance through their company, and others are covered through non-profit "Mutual Aid [insurance] Associations" that are organized by craft (e.g., teachers, seamen).

- Germany's system features 1,200 non-profit insurance companies called "sickness funds." Employers and employees have to pay taxes into the funds, which then pay for health care. Direct government spending accounts for only a small portion of the total. But government is heavily involved as a regulator, overseeing negotiations between the sickness funds and providers to keep prices down.

that treatment will not significantly extend life. Because of shortages of expensive machines and operating rooms, Canadians may have to wait several months or longer for some expensive tests and for elective surgery. Although private doctors decide who advances to the top of the list and who must wait, decisions by government create the shortages.

Despite this, Canadians are more satisfied with their health care system than anyone else in the world. In Canada, the provincial governments ration health care: by saving money on expensive machines and facilities, they are able to provide excellent basic health care for all citizens. As a result, overall, Canadians are healthier than Americans, even though some people cannot obtain the treatment they want.

What do you think would be the advantages or disadvantages of such a system for the United States? Does a system in which the state governments have these powers appeal to you?

The power of employers and insurers

In America, decisions about who receives health insurance and medical treatment are mostly made in the private sector, by employers, insurance companies, and health care providers. The government's power derives from its role as a regulator and as a provider of Medicare and Medicaid. One result of this system in which the private sector plays the major role: there are plenty of high-tech machines and operating rooms here, but you may be denied treatment if you don't have insurance. Doctors and hospitals turn away an estimated one million Americans each year because they cannot pay for medical services.

In America, businesses are the main providers of health insurance. Three of five Americans are covered under insurance plans which their employers purchase. But in the past decade, many businesses have required larger employee contributions, reduced their health plan's coverage, or cut health insurance altogether.

Many businesses that provide health insurance to their employees are bending under the burden. In a survey of top business leaders in 1991, 87% said that their companies will not be able to bring their health care costs under control in the next two years. Should employers be the insurance providers in our society? What are some of the benefits of this arrangement? What are the disadvantages? Is this setup consistent with the values you consider to be most important? For example, this system ties people to their jobs, thereby limiting their freedom of movement and career mobility. Is this a necessary price to pay in order to retain some private-sector influence in the system? Some argue that the present system provides work incentives that benefit the entire society.

Private insurance companies can deny health insurance coverage to anyone for any reason, can restrict coverage, or can set the price as high as they wish. The only limit is "the market" - competition with other insurance companies. Over the last few years, more and more people have become unable to buy adequate insurance. How do you feel about the power that private insurance companies have in our current system? Would you rather the government have that power?

Who should decide?

Who should have the power to decide who obtains insurance and who doesn't, who receives medical treatment and who doesn't? Whether the government or the private sector makes these decisions, there are both advantages and disadvantages. (And of course there are many possible ways to implement either approach, as well as ways to combine them.) While officials at private companies are accountable only to their owners, government officials are elected or are appointed by people who are elected. There is more public accountability if government plays the dominant role since officials have to stand for re-election. The threat of being voted out of office in the next election makes them sensitive to public pressure.

But many think that government makes a mess of most everything it runs or regulates. Americans don't like government bureaucrats telling them what they can or can't do, and many think that people in the government are not particularly honest or trustworthy. Those who have trouble believing in government accountability would not trust government with the nation's health care system.

Many Americans have higher regard for local and state governments than for the federal government in Washington. Because the federal government has not acted to reform the health care system, the states are becoming increasingly involved in health care policy. A big motivator for states is that they share financial responsibility for Medicaid with the federal government, and Medicaid costs have been increasing so fast that they are "busting" state budgets.

As a result, several states have implemented innovative programs, and many others are in the works. Massachusetts has a law on the books which will extend insurance coverage to all residents, and Illinois, Missouri, Vermont, and Washington are considering or developing plans for publicly financed health coverage. Do you feel differently about your state government being involved in health care than you do about Washington's involvement?

3) Rationing: Should we explicitly limit treatment for some in order to provide treatment for all?

Nobody made a conscious decision that roughly 33 million Americans should not have health insurance. Nobody decided that millions of infants, children, and pregnant women should not receive medical care. Nobody is proud that the infant mortality rate for many inner city neighborhoods is higher than in many third world countries. Yet these are the outcomes of the current system; this is how our system implicitly rations health care.

Whether and how to explicitly ration health care are the ultimate questions of values. We have limited resources: on what and for whom should we spend them?

Rationing in some form exists in every health care system. No society is willing to spend enough money to provide all the medical care that everybody needs or wants to stay alive as long as they can. With advances in medical technology, it is now possible to spend enormous amounts of money if doctors try every procedure that might work, no matter how slightly it might extend life or how low the probability of success.

In most nations rationing is up-front and explicit; government officials set guidelines for which illnesses should be treated and how they should be treated (by setting guidelines for which treatments will be paid for). Doctors then use these regulations as they decide what type of treatment a patient should receive.

The health care system in the United States is decentralized, and yet there is still rationing - it happens indirectly as an unplanned outcome of the interaction of private decisions (made by individuals, employers, insurance companies, and health care providers) and public decisions (made by the federal and state governments). For example, the major way in which health care is allotted is through private health insurance; those who do not have health insurance are denied access to many kinds of treatments. Most Americans do not think of this as a question of rationing, since it is not the result of an explicit plan. Because of our political culture, explicit rationing may seem less acceptable than the rationing that takes place as the outcome of a system that is largely privately run.

Oregon Plan author defends rationing of health care

John Kitzhaber, a practicing physician and President of the Oregon State Senate, said in an interview with *Parade Magazine*:

"It's hard for Americans to admit it, but this country does ration health care. And we do it in ways that are unfair and inefficient. For example, we spend over \$50 billion a year on people in the last six months of their lives, while closing pediatric clinics. We spend over \$3 billion a year on intensive care for newborn babies, while denying prenatal care to hundreds of thousands of pregnant women." (Donald Robinson, "Who Should Receive Medical Aid," *Parade Magazine*, May 28, 1989, p. 4.)

One experiment with explicit rationing in the United States is taking place in Oregon state. (We reprint an article about the Oregon plan in Part II.) In an effort to cover more poor people under Medicaid, in 1987 the Oregon State Legislature decided to stop using Medicaid funds to pay for heart, liver, bone-marrow, and pancreas transplants. Instead, the approximately \$2.3 million that is saved each year is to be used to provide prenatal care for needy pregnant women. In December 1987, Coby Howard, a seven-year-old boy with leukemia whose mother was on Medicaid, died after Oregon refused to pay for a bone-marrow transplant. There was public outrage. On the other hand, the plan has won some acclaim, since as it is envisioned (parts of the plan are not yet implemented) everyone in the state would be assured a minimum level of care. What do you think about the Oregon plan? Should other states

Tough choices in health care

A *New York Times* article described meetings run by the Vermont Ethics Network, a group that sponsors public discussion of health care issues. Participants were asked to pretend they were policymakers for a state of Vermont health plan that guaranteed basic coverage to all Vermonters.

Due to limited state funds, they were asked to decide which one of four new technologies to add to the plan for the coming year:

- 1) an improved arthritis drug treatment that would help 33,000 people a year;
- 2) an intensive monitored exercise program for heart attack patients to help 1,000 people from the ages of 40 to 55;
- 3) breast cancer detection through mammograms for 35,000 women a year; or,
- 4) an experimental system for helping premature newborns breathe which would help 100 babies a year.

Providing each of the new treatments would cost the same, but each would help different numbers of people in different age groups and with different needs. Much additional information about the likely success of the treatments would be available to real policymakers, of course, but this example shows how gut-wrenching health care policy decisions can be. "The idea of making such life-and-death choices made many of the participants squirm in their folding chairs." (Sandra Blakeslee, "Tough Medical Choices: Letting the People Decide," *New York Times*, June 14, 1990.)

An example of the high cost of medical care for the elderly

Mrs. Landros, a widow, is a smoker. At the age of 69 she developed emphysema and went into the hospital for three weeks. She recovered and went home. At 75, Mrs. Landros had to have an expensive operation to replace her hip joint. It took her three months to recover, but the operation, a fairly new one, allowed her to walk again.

At 79, Mrs. Landros had a serious stroke. For several days it was unclear whether she would live. After a few weeks she entered a nursing home. But the stroke left her unable to walk and slurred her speech. She could no longer take care of herself.

Over the next year, her condition deteriorated and she became more and more confused. Finally she developed chest pains and could not breathe. Her heart stopped beating. She was rushed to the hospital, and an electric shock started her heart again. Drugs were used to regulate her heartbeat, and a tube was surgically implanted in her windpipe so she could breathe.

Finally, a month later, Mrs. Landros died at the age of 80. Her medical care had cost hundreds of thousands of dollars, most of it in the last few months of her life.

adopt similar approaches? Should our nation as a whole adopt such an approach?

Those who support explicit rationing realize that some people with serious illnesses will go untreated, but they point out that the money saved could go toward less costly treatments and thus benefit many more others. Although rationing can control costs, the basic argument for it is moral: by providing more treatments that benefit larger numbers of people, society can do greater good for a greater number than by treating fewer people with more expensive treatments.

Because much of the care given early in life is more preventive in nature (and less expensive) and the most expensive treatments tend to come in the last years of life, many rationing questions come down to tradeoffs between the young and the elderly. The vast majority of government expenditures go for the elderly, either through Medicare or Medicaid, a trend that some people believe must be changed. In Great Britain, for example, the National Health Service ordinarily does not

provide kidney dialysis for anyone over 55. What do you think about these tradeoffs? Is it unfair to withhold some treatments to older people, who have already made their contributions to society? Is a woman who acquires AIDS through using needles to inject drugs, or a man who needs medical treatment because of alcoholism, more deserving of medical care than is an elderly person?

Opponents of explicit rationing argue that it gives the government the power to dictate choices to private citizens. This is not desirable, they say. Individuals and their doctors should be able to decide what type of treatment is appropriate without government interference.

To answer this question, we need to be clear about what we value in a health care system. What should our priorities be? Do we want to invest more in research to continue to develop new medical technology and drugs that can save lives? Should maternal and child care be our top priority? Do we have a commitment to treat elderly citizens with all available medical technology? Should we spend more on public health campaigns that emphasize basic health for all?

While we can pursue many of these goals, we cannot accomplish all of them. Which of these goals should we fully fund, and which should we fund only after other priorities are satisfied? Even if we do not make explicit choices in answer to these questions, we are making choices by default; public consideration of these questions is vital.

Part II – Policy Issues

How Should Our Health Care System Be Organized?

This part of *The Health Care Crisis in America* focuses on the more political issues, in particular on the question of how our health care system should be organized. Understanding these issues can seem daunting. As U.S. Representative Peter A. DeFazio, a Democrat from Oregon, told *The New York Times*: "The more you delve into the issue the more complicated it gets." In spite of the complexity of the health care system, citizens can gain the broad understanding they need to offer thoughtful guidance to elected officials.

As concerned citizens, we need to decide what type of a health care system our nation should have and how that system should work in the broadest sense. In this part of the program, we provide a framework that will help your group put the maze of details into the context of the big picture.

Part II begins with a brief history of cost-containment efforts, since the control of costs is one of the two central issues in the health care debate. (The other central issue, access to health care, was largely covered in Part I.) This brief review will help your group judge how well different types of health care plans might control costs.

Following this is a section that examines reforms that some states have made in their health care systems. These states have restructured their health care systems in order to expand access and cut costs. Their reforms provide possible models for other states and for Washington; we reprint articles describing health care reform in two states. We also include some suggestions for finding out about your own state's health care system.

Part II concludes with a look at the debate about reforming the national health care system. As of January 1992, more than 30 different bills to change the health care system had been filed in the U.S. Congress, and there will certainly be dozens more. Most of the reform plans fall into one of three distinct approaches: individual insurance, employer mandates, or national health insurance. We describe these three approaches and reprint newspaper articles about a leading plan from each category.

When you discuss these policy issues, we hope you will keep in mind the ethical questions raised in the first part of this program. Also keep in mind that no health care plan can achieve every goal we deem important; that is, any kind of health care reform will require tradeoffs. We encourage you to consider the plans described below in light of how likely they are to achieve the goals that you think are most important.

1) Controlling costs – What will work?

Two issues stand out in the health care policy debate: access to health care (addressed in the Background and in Part I) and controlling costs. To help you judge how well different types of plans might control rising health care costs, this section provides a brief history of cost-containment efforts.

The high cost of medical care goes hand in hand with expensive health insurance. The results of uncontrolled costs are often sad, and sometimes tragic. For the past decade, businesses and insurance companies have been trying to control medical costs – without success.

Cost containment is a complicated topic. As was pointed out earlier in "Background: What's wrong with health care in America?" the main reason for high health care costs is a complete lack of incentives for providers to reduce costs or for consumers to use health care economically.

A variety of initiatives for controlling costs have been tried over the past decade. However, each has been thwarted by another part of the health care system. For example:

- The federal government instituted stricter standards for reimbursing doctors under Medicare and reduced payments for some procedures. In response, some doctors and hospitals have performed more procedures, so overall costs have not gone down.
- State governments set reimbursement rates for Medicaid that are substantially below what doctors and hospitals normally charge. Now many doctors and hospitals refuse to treat Medicaid patients. Those who continued treating Medicaid patients then raised the fees they charged to private patients, both insured and uninsured, to cover the difference.
- Insurance companies review bills more carefully, often refusing to pay for certain tests unless they are justified in writing beforehand or approved by a second doctor. How-

Reforms proposed to contain costs

- Standardize paperwork to reduce administrative costs.
- Create a standardized national fee structure to reduce overcharging.
- Create a national board to set spending limits on new equipment and facilities.
- Make it harder to sue doctors for malpractice and to win suits, and set an upper limit for monetary damages. These protections will free doctors from the need to practice "defensive medicine" (that is, performing tests and procedures primarily for protection against legal action).
- Fund quality control research to provide information about what medical procedures and tests are necessary, which treatments work, and which providers are efficient.
- Provide cost information and encourage businesses to set up "managed care" plans that use more efficient providers.
- Provide incentives for health maintenance and prevention.
- Pass state laws to create statewide "risk pools" that would combine small groups and individuals into a single, large group. This would lower insurance costs for small businesses and individuals and end exclusion of people with pre-existing conditions.

A small business that can't afford health insurance

This story appeared in a documentary, *The Health Quarterly*, on public television in June 1991.

Don Summers, a businessman who runs a small, family-owned welding company in Austin, Texas, can no longer afford health insurance for his workers. In April 1991, after months of struggling to find affordable health insurance, Summers told his story to the U.S. Senate Finance Committee in Washington.

"I believe it is my moral responsibility to take care of my people," he said. "I have to come face-to-face with them every day. I don't have a board of directors to hide behind."

Summers described how, shortly after he called his employees together to tell them he could no longer provide them with insurance, he personally confronted the consequences of his decision. Chatting with one of his employees in the supermarket, he learned that his worker's wife was expecting a child – and facing thousands of dollars in prenatal care and delivery fees.

When he finished telling his story, Summers said, "Oh Lord, a 21-year-old man with a pregnant wife making \$10 an hour. Lotsa luck, young man. Something must be done."

ever, providers are hesitant to pass up tests lest they be sued for malpractice. Furthermore, there is no incentive for doctors to forego tests.

Some experts believe we must restructure the entire health care system before we can control costs. Advocates of individual insurance plans argue that only vigorous free-market competition will contain costs; those who support national health insurance believe that government must run the health care system to make it efficient. Those who favor employer mandates do not want to restructure the current system. They want the government, as the strongest player, to enact a variety of administrative, legal, and regulatory reforms. They believe that a combination of measures will reduce costs.

Deciding what new system or what reforms are likely to control health care costs is not an easy task. Which reform measures are most likely to work?

Given the history of cost-containment efforts, do you think reforms can be effective, or must we completely restructure the current system?

In discussing how to control costs, we are in all likelihood talking about how to limit the *increase* in costs. Costs are likely to rise faster than general inflation under any health care system, especially if we attempt to increase access to the health care system. The question may be, what rate of increase can we tolerate? At some point, might we have to place a limit on public spending for health care, and then decide how to divide the available funds?

Who should pay for the rising costs of medical care? Should the current burden be redistributed, and if so, how? Each of the proposed health care plans would redistribute the current burden in different ways.

Ultimately, we are all likely to pay more as health care costs continue to rise. We will pay higher doctor and hospital bills. Since government is heavily involved in health care, we will pay through cuts in other programs or higher taxes. (The tax laws, however, will determine how the tax burden is distributed.) We will pay through higher insurance premiums. We will pay through higher prices for American products and services, because companies must raise prices to cover the cost of providing health insurance to employees.

The only potential ways to avoid higher health costs would be to: a) make the system more efficient through major changes in our health care system; b) limit access to certain treatments for some people in unprecedented ways; or c) restrict spending on new medical technologies. Some would say some or all of these cures are worse than the disease. But others say, "Where will it end?" In April of 1991, Richard Darman, Director of the Office of Management and the Budget for the Bush Administration, projected total health spending at 17% of gross national product by the year 2000 and 37% by 2030.

2) State Reform Efforts

Although state governments have far less power over health care than does the federal government in Washington, more and more state legislatures and governors are acting to reform the parts of the health care system that they control. Almost two dozen states have passed or are considering legislation to fill the policy vacuum created by Washington's inaction on health care. They have acted because the problems of access and runaway costs are having a tremendous impact on state budgets and on the quality of life for many people.

State governments are involved in the provision of health care in a variety of ways. They are partners with the federal government in Medicaid, and generally provide about half of the funds for that program. Also, states provide health insurance as a benefit for state employees. They also provide a good part of the funding for public hospitals, run by cities and counties.

The cost of these programs is high and growing higher every year. In fact, health care expenses - particularly Medicaid and health insurance for public employees - have increased so much in the last ten years that they are among the leading causes of state budget crises.

Budget problems alone would have forced many states to take action. But another driving force behind these changes is the close connection between state-level elected officials and their communities.

Health care costs will continue to rise

Four factors are likely contribute to steadily rising health care costs in any proposed system, given current demands and developments:

- An aging population. The percentage of Americans over 60 will rise from 13% today to 20% by 2030. Since it costs more to care for the elderly, the total amount we spend will rise.
- Continued improvements in drugs and medical technology. These save lives, but at a cost.
- The AIDS epidemic. Treatment for AIDS patients is long-term and expensive.
- Expanding access to health care. It will cost money to provide health care for the uninsured.

State legislators have been confronted frequently with constituents' difficulties in obtaining adequate and affordable health care.

State governments do not have the legal and regulatory power or the control over several hundreds of billions of dollars of health care spending that gives the federal government so much power in our health care system. But most states have a variety of levers they can use to affect health care within their borders. For example, the states set the income standards that determine who qualifies for Medicaid. They regulate the insurance industry. They decide what kind of health benefits thousands of state employees receive. They license and set professional standards for doctors, nurses, and other health professionals. Some states have review boards that are empowered to grant or deny hospitals' requests to purchase expensive new technology. And all states can levy taxes, which can be used to fund health care programs.

Each state's health care system is unique, but there are similarities among state systems as well. In order to initiate discussion about state-level reform, this program contains reprints of two articles: 1) "Closing the Health Care 'Gap Group'," which describes reforms already made in Hawaii's health care system; and 2) "For Oregon's Health Care System, Triage by a Lawmaker With An M.D.," which explains the changes that Oregon has proposed for Medicaid. The Oregon proposals in particular have received much attention in the policy debate at the national level. Both the Hawaii and the Oregon proposals were motivated by the desires to expand access to health care and to limit the cost to the state.

It might be helpful to discuss your own state's system in light of the reform efforts in Oregon and Hawaii. To do so, your group will need to have some basic knowledge about your state's health care system. Unless someone in your group has this knowledge, you may have to do a little research.

A few members of your study circle might make some phone calls. They could talk to a health professional with whom they are acquainted. A call to your state representative's, governor's, or city councilor's office may result in a package of information. Your state's department of health may be helpful. You can also find some articles about the system in local newspapers.

With this information, your study circle can discuss some of the following questions: How does your state deal with the key issues of access and controlling costs? Are there any lessons from other states that might be applied in yours? What types of changes do you think should be made in your state's system?

Change is much easier to bring about on the state level - where a small group has more clout - than on the national level. If you have any ideas about how to improve your state's health care system, we encourage you to share them with your state legislators by writing to them or meeting with them.

While some states can take significant steps to improve the health care that their residents receive, other states will not be able to go it alone. Poor rural states and states with big cities may not have the financial resources to provide adequate health care for all their residents.

Questions to keep in mind as you investigate your state's health care system

- How many uninsured people are there in your state? What groups are more likely to be uninsured?
- What is being done or has been done to expand access?
- Who qualifies for Medicaid?
- Are there programs to cover the unemployed? Are there programs to cover those who are too poor to buy insurance but not poor enough to qualify for Medicaid?
- Where can people without health insurance get health care?
- What has been done to control costs?
- Are businesses in your state having trouble with health care costs? Is anything being done to help them?

Ultimately, only the federal government has the power and financial resources to make sweeping changes that will dramatically cut health care costs and expand access. A solution to the health care crisis in America requires the involvement of the United States government. The remainder of Part II focuses on approaches for reform at the national level.

3) Approaches to Health Care Reform at the National Level

Although the federal government has much more influence over the health care system than do the state governments, Congress and the president have been slower to act to change the system. This is due partly to disagreement over the appropriate role for the national government in a reformed health care system. Still, most people look to Washington for leadership.

Scores of different plans have been proposed for health care reform at the national level. They have come from doctors, economists, business leaders, and elected officials. Most of the reform plans fall under one of three general approaches: individual insurance, employer mandates, or national health insurance. The remainder of this section describes these three primary approaches and includes some of the objections to each. Since there are many different plans based on each of the three general approaches, the description of each approach is general. We focus on how each approach proposes to provide coverage to the uninsured and to control costs.

To provide a concrete example of each approach, we include a newspaper article that describes a leading plan from each category. Specific plans for health care reform may not stick religiously to one of the three philosophical approaches. For example, the Bush Administration plan is not a pure example of the individual insurance approach; it calls for government regulations to reform the small business insurance market, a recommendation usually advanced by those who favor employer mandates. We hope that by discussing the basic approaches you will be better prepared to evaluate specific plans. The political debate on health care is still fluid; specific plans are changing and new plans are being proposed. If there are other specific plans that members of your study circle would like to discuss, we encourage you to add articles for group members to read.

If you understand these three general approaches you will have sufficient background to participate in the debate about health care reform. As you read on, and in your discussion, consider which approach is most likely to provide a workable health care system for America and to achieve the goals you think are most important.

Individual Insurance

In contrast to employer-provided health insurance that is the basis for our current system, the individual insurance approach argues that individuals and families should be responsible for buying their own insurance. Plans that fall into this category propose the use of federal tax incentives (tax breaks) to help the middle class and the working poor afford private health insurance. Either Medicaid or vouchers would provide health care for the poor. (A voucher is a certificate from the government

Considering the proposals

As you discuss the proposals, try not to get lost in details or in disagreements over factual questions. What's most important is whether the overall approach can work and what it is likely to achieve. Try to assess the pros and cons, the potential benefits and the potential costs.

- How realistic and practical is the proposal? What obstacles to efficient implementation do you foresee?
- How does the plan propose to expand access to health care, and how effective is it likely to be?
- How well will it control costs, and at whose expense?
- Which values does it emphasize? Which values does it de-emphasize?

worth a certain amount of money that can be used only by a specific individual for a specific purpose, such as the purchase of a health insurance policy.)

These plans rely upon free-market competition to control costs. Proponents believe that if individuals and families are responsible for buying their own health insurance, they will have an incentive to be cost-conscious consumers. As a result, competition among insurance companies for customers would drive down insurance and health care costs.

The direct cost to the federal government of this type of plan would depend upon the size of the tax credits and the income level at which recipients would qualify. One estimate is \$100 billion over five years.

The Bush Administration's health care plan, described in *The New York Times* article, "Bush Unveils Plan for Health Care," relies primarily upon individual insurance but has other features as well. The Heritage Foundation in Washington, DC, also favors the individual insurance approach.

Employer Mandates

Plans using the employer mandate approach would expand the current system, in which 60% of Americans are insured through their employers. Businesses above a certain size would be required by law to provide insurance to employees. Smaller businesses would have to "play or pay": they could "play," by providing insurance, or they could "pay," by opting for a special payroll tax (6-8 percent) for a public insurance program. The public insurance program would provide or sell health insurance (depending upon income) to all those without coverage. Under some employer mandate plans Medicaid would be retained, and under others public insurance would provide for the poor.

To control costs, the government would establish a national board, consisting of representatives from the medical community, hospitals, private insurers, employers, consumers, and government. This board would set yearly spending limits for health care and would oversee negotiations between payors and providers to set fees.

Due to the cost of providing insurance to the poor and unemployed, this plan would cost the federal government tens of billions of dollars per year when fully phased in.

Several Democrats in the U.S. Senate, led by Majority Leader George Mitchell of Maine, are supporting a plan that relies on the employer mandate approach. Their plan is described in Senator Edward Kennedy's article, "An Affordable Health Care Plan for All," and the ac-

Some of the arguments against individual insurance

- The tax credits will be too little to help; many of the uninsured will be unable to buy insurance. Even those who are helped will only be able to afford policies with high deductibles and co-payments.
- Free-market competition will not control health care costs because health care is not a consumer product like a car, a TV, or a VCR. People will spend without limit when health is at stake.
- Health insurance options are extremely complicated; many consumers will be unable to make cost-effective decisions about which policy to purchase. Even worse, they may end up with the wrong type of policy, one that doesn't offer adequate coverage.

Some of the arguments against employer mandates

- In forcing employers to pick up most of the price tag for national health care, we will further hamper the competitiveness of American companies. Small businesses in particular will be hurt.
- This approach is unlikely to contain costs. There will be no new incentives for providers to reduce unnecessary tests and procedures. The more than 1,000 payors in the system (insurance companies, the federal government, and the state governments) will still lack the leverage to get providers to reduce fees.
- The inefficiency of the current system will remain. But, with the government more involved than before, there is apt to be even more paperwork.

companying article, "Troubled Health Care System." The American Medical Association and many other organizations also favor this approach.

(Two other reform approaches that are receiving some attention, "managed competition" and expansion of Medicaid and Medicare, are essentially employer mandate plans. Neither has strong support in Washington at this time.)

National Health Insurance

Under this approach, which would completely restructure the American health care system, the federal government would provide health insurance for all. All Americans, regardless of income, would be entitled to the same comprehensive health care. There would be no bills to individuals or insurance companies, and no deductibles or co-payments for individuals to pay. Doctors and hospitals would remain in the private sector, and people would still have a free choice of their health care providers.

By doing away with all private insurance companies and current government programs in favor of federally provided health insurance for all, advocates say that costs and inefficiencies would be reduced tremendously. State governments would set budgets for health care and regulate large expenditures. They would also decide upon medical priorities, such as which treatments would be immediately available and which would require a waiting period.

Advocates say that a national health insurance system would not increase total health care costs at all. They believe that the system's greater efficiency would save enough money to provide health insurance to all of the uninsured. However, an estimated \$250 billion would need to be collected through taxes to replace insurance premiums, employer-provided health insurance, and individuals' payments for medical bills.

The Christian Science Monitor article, "Single-Payer System Guarantees Health Care for Less," describes the plan put forward by U.S. Representative Marty Russo (D-IL). Senator Bob Kerrey (D-NE) has also put forward a plan based on this approach.

Some of the arguments against national health insurance

- Americans will not accept a system like Canada's, which has waiting lists for tests and elective operations. Americans don't want government to have the power to place limits on access to some medical treatments.
- National health insurance would stifle technological innovation in health care. America would lose its premier position in developing new medical technologies and drugs.
- Government in America is inefficient and is likely to make more of a mess of health care instead of improving the system.

If Congress and the president enact health care reform legislation, it's likely that no one of these approaches will be followed exclusively. There are likely to be compromises among proponents of different approaches. If you communicate with your elected representatives about the general approach to health care reform you favor - whether it is one of these three, a combination, or one not described here - you will be making a contribution to the policy debate on health care.

Since our government is elected and controlled by the voters, citizens can have an impact on the health care crisis. We hope this program will encourage and help you to contribute to the debate over national health care reform.

The following article describes health care reform at the state level.
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Boston Globe, March 12, 1991

Closing the health care 'gap group'

LOU CANNON

HONOLULU - Dr. John Lewin is a spare-time marathon runner with a long-distance vision of a nation in which everyone receives prepaid health care.

"I think basic health care is a fundamental human right," says Lewin, the state director of health in Hawaii.

But this former family physician and health officer for the Navajos is convinced that this right can best be realized not through a Canadian-style government health service but by vigorous American-style competition among health-care providers. What Lewin wants the government to do is provide the incentives - or the mandates - that will require this kind of competition.

Hawaii has long been an example in the art of providing health care for working people at a price even the smallest employer can afford. Since 1974 it has been the first (and only) state requiring employers to provide health insurance to all their full-time employees. While businesses can require employees to pay half the cost of this insurance, and coverage of dependents is optional, the coverage is mandatory for full-time

workers. In practice, most dependents are covered by some health-insurance plan.

Because of its law requiring health coverage for workers, Hawaii has by far the nation's lowest "gap group" - the term applied to those too young for Medicare, not poor enough for Medicaid and unfortunate to work for an employer who lacks an insurance program.

And last April, at the urging of Lewin and the state's progressive Democratic Gov. John Waihee, Hawaii passed another first-of-its-kind law extending health insurance to the 35,000 persons (a little more than 3 percent of the population) who formed its gap group: the self-employed, part-time and seasonal workers, homeless unemployed, and some dependent children.

In comparison with other visionary health programs, notably Massachusetts', the emphasis in Hawaii has been on prevention through regular physical examinations, mammograms and prenatal care. The result has been not only a healthier population but low costs that have prompted competitive bids from insurance companies.

Hawaii's health care has become nearly universal at a time when most of the country is heading in the op-

posite direction. The number of Americans who lack any health insurance is increasing. These are people who rely on hospital emergency rooms for their medical care.

According to some estimates, as many as 40 million Americans, nearly 20 percent of the population, are lost in this health-coverage gap. In inner cities, hospitals and trauma centers are closing down or limiting care because of the high cost of providing uncompensated care in an emergency room.

In 1974, Hawaii overcame the reservations of small-businessmen about health-insurance costs by establishing a "community rating." This meant that all the small employers in the state were treated as one risk pool, enabling them to obtain the rate breaks routinely available to big business.

Larger states have balked at such community ratings, although the idea is a way of enticing competitive bids from insurers that would keep costs down and improve long-range health care.

Hawaii's example ought to prove particularly tempting to governors. They should talk to Lewin. It is time to provide health care for everyone.

Lou Cannon is a syndicated columnist.

For Oregon's Health Care System, Triage by a Lawmaker With an M.D.

By TIMOTHY EGAN

Special to The New York Times

SALEM, Ore., June 5 — As an emergency room physician, Dr. John Kitzhaber has spent much of his professional life in the fast-motion treatment of bleeding patients.

Now, as the author of a plan that could make Oregon the first state to insure that health care is provided for all its citizens, Dr. Kitzhaber is trying to use triage on a system that he considers shamefully ill.

Wearing his two hats, as President of the Oregon Senate and as a small-town physician, Dr. Kitzhaber has helped his state fashion a medical plan that is the talk of professional journals. The plan is also being widely discussed in political circles and in countries, including Canada and Britain, that are looking for ways to keep their national health care systems solvent.

His next target is Congress, whose approval is needed within the next year if Oregon is to begin carrying out its groundbreaking plan that ranks and limits care. Dr. Kitzhaber says that the Federal Government has refused to offer anything to the 32 million Americans without health care and that now that the states are trying to solve the problem Congress must show some leadership or get out of the way.

Oregon's plan, part of a package of legislation passed two years ago, would extend Medicaid benefits to all people with incomes below the poverty level and would set a minimum standard of care for those with private insurance. It would do this by rationing treatments, based on a list of what would be covered and what would not. The current system, Dr. Kitzhaber says, rations people.

The Oregon plan represents a major shift in the delivery of health care from the issue of who is covered, to what is covered.

If the plan is to proceed, Congress must authorize a waiver of the current rules for Medicaid, the health care system for the poor that is jointly financed by the Federal and state governments. Medicaid, created to provide health care for the poor, last year covered less than half the people living below the official poverty level because of inadequate financing by the states and Federal Government.

"If we can force the debate to one between the current system and what Oregon is offering, I'm convinced we will win, because the current system is indefensible," Dr. Kitzhaber said.

Wearing jeans and a floral tie, Dr. Kitzhaber was working the Oregon Legislature in the last days of the session, which is expected to end in mid-June. It has been another year of triumph for his health bill, which was born amid headlines and controversy and has now moved to center stage as one of the most talked-about ideas in health care.

The man behind the experiment is a

44-year-old native of the Northwest who practices politics and medicine with equal fervor. A graduate of Dartmouth College, he received his M.D. from the University of Oregon Medical School and has practiced medicine for 17 years in Roseburg, in the timber country of southwestern Oregon. A liberal Democrat, he was first elected to the Oregon Legislature in 1978, and is in his fourth term as President of the Senate.

The Plan's Birth

Dr. Kitzhaber says his idea was born of frustration at seeing "people we were lopping off on one end of the system ending up in the emergency room." His plan was to have a system that emphasized preventive care, he said, and this was codified in the rationing list.

"Believe me, I'd prefer a Federal solution," Dr. Kitzhaber said, "but we can't wait for Congress to get its act together while 40,000 children in the United States die, every year, before their first birthday."

After much uproar in the early stages of the Oregon plan, criticism in this state has been muted. The priority list, ranking 808 disorders and their treatments based on a formula that is equal parts mathematics and public opinion, has received international attention as a pioneering experiment.

As it is, 204,000 Oregonians who qualify for Medicaid receive a relatively rich package of medical benefits, while those who are not poor enough — mostly people in low-paying jobs — receive nothing. Medicaid would be extended to an additional 77,000 people here, that is, everybody below the Federal poverty level, and the benefits would be trimmed, based on the list.

The cutoff, the line below which public financing would not be provided, is to be drawn in the next few weeks as the state Legislature finishes its budget deliberations. Officials say that if \$30 million is added, as expected, to Oregon's current annual share of Medicaid of \$257 million, then the line on the list will be drawn somewhere around 600. The 200 or so disorders and treatments that would not be covered include lung transplants, acne, Parkinson's disease, reconstructive breast surgery and terminal AIDS with less than 10 percent chance of survival. Those who are terminally ill can get hospice care, counseling and medication for pain relief through the plan.

Some early critics, among them businesses and groups representing the poor, have largely become allies of Dr. Kitzhaber.

Covering Everybody

"The reason we're winning converts is because everybody in Oregon is going to be covered, one way or the other," he said, "and we're doing it with a concise model for how to contain costs."

Dr. Kitzhaber said the two basic models for national health care — one financed primarily by employers and

the other by government — were doomed to failure until they addressed the question of keeping costs down.

"Congress has not had the guts to look at the fundamental question, which is: What medical services are really appropriate and what are not?" he said.

By assuring everyone a minimum level of care — even if that means one system for the rich and one for the poor — the most glaring leaks in the system are covered, he said. As an example, he noted that a family of three with an income of \$5,500 a year is considered too wealthy to qualify for Medicaid in most states. But that family would be covered in Oregon.

"That is rationing of health care, and legislative bodies do it every budget cycle," he said.

The Oregon plan is not without critics. In Congress, Representative Henry A. Waxman, Democrat of California, and a leading voice on health care issues, said he was concerned that Oregon set a bad example by taking an already small pie and cutting it into more pieces, taking benefits away from the poorest of society.

A similar complaint was made by members of the Children's Defense Fund, which follows medical and social issues affecting children. "It's not that we object to rationing, per se, it's just that we don't like singling out children, who make up half the Medicaid population, for rationing," said Molly McNulty, a health specialist with the group. "We are not defending the status quo, but we don't see the answer as scaling things back."

Dr. Kitzhaber says he is perplexed at criticism from those with whom he has always felt a political kinship. "They are measuring the Oregon plan against an ideal world, and, of course, it's got problems when you put it that way," he said.

The states, Oregon among them, continue to be the innovators in universal health care, but with mixed results. Hawaii's system requires that employers provide insurance for their workers, but it does not address the poor who are working part time and do not qualify for Medicaid. Massachusetts has a similar plan, but it is threatened by the recession.

Oregon's plan, even the part that requires employers to provide insurance, would use the priority list to keep costs down and still assure a minimum level of care.

In an editorial in last month's Journal of the American Medical Association, the Oregon plan was described as "a bold attempt to maximize health care benefits" and "an ambitious experiment that should be encouraged."

Dr. Kitzhaber says that trying something as innovative as a universal health system is much easier in a state like Oregon, with its population of less than 3 million and its growing economy. "Of course, it helps to be a doctor and President of the State Senate," he said.

This article describes health care reform at the state level. Reprinted by permission of the newspaper.

The following article describes a plan that relies primarily on individual insurance.
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THE NEW YORK TIMES FRIDAY, FEBRUARY 7, 1992

BUSH UNVEILS PLAN FOR HEALTH CARE

\$100 Billion Proposal Fills Gap in His Re-Election Bid

By MICHAEL WINES
Special to The New York Times

CLEVELAND, Feb. 6 — President Bush moved today to plug a gap in his election-year domestic plans by proposing several tax incentives and other changes in the law that he said would make quality medical care affordable for every American.

In making his plans public, Mr. Bush joined the Democratic Presidential candidates in proposing ways to improve the nation's health-care system. Like his State of the Union Message last Tuesday, it was introduced with much fanfare, but it was viewed cautiously in some quarters.

White House aides estimated that the plan would cost about \$100 billion over the five years that would be required to put it into effect. They offered no specific plan to meet the expense, but they suggested that the money could be raised by limiting the growth of Medicare and Medicaid and by other savings that could be worked out later with Congress.

Growing Public Interest

Asked today how he would pay for the program, Mr. Bush replied, "We'll figure that out."

As a practical matter, Mr. Bush's plan has no chance of becoming law because the Democrats who control Congress are offering distinctly different plans. But his entrance into the debate over a topic that has generated a great deal of interest among the public increases the likelihood that some health insurance plan will be enacted in the next few years.

Under Mr. Bush's plan, poor people would receive tax credits and families with incomes of up to \$80,000 would be granted tax deductions to help pay for medical insurance. Mr. Bush would also change laws to guarantee that even the chronically ill could find insurance coverage, and he would induce Medicare and Medicaid patients to use health maintenance organizations and other alternatives that are less expensive than private doctors.

Lawmakers of both parties and the Democratic Presidential candidates are backing more ambitious measures to overhaul the existing health care system. For example, one Democratic bill, approved last month by the Senate

Labor and Human Resources Committee, would require employers to provide medical insurance for their employees or pay an additional tax to finance a Government insurance plan.

Other plans under consideration range from full-scale, Government-paid national health insurance to a proposal by conservatives that would require all Americans to buy private medical insurance.

On Capitol Hill today, Democrats called the Bush plan inadequate. Some Republicans endorsed it, while others merely said they were happy Mr. Bush had become involved in the debate.

The immediate effect of today's announcement is to allow the White House to say that it is addressing the issue of health care in the election campaign. Mr. Bush had hoped to avoid the issue until after the election, but his hand was forced last fall when former Attorney General Dick Thornburgh was upset in an election for a Pennsylvania Senate seat by a Democrat who made affordable health insurance his main issue.

Aid for 95 Million

In Mr. Bush's speech before the Greater Cleveland Growth Association, he called his new package "the right plan" that would lower medical and insurance costs for 95 million citizens, including many of the estimated 35 million, or 13 percent of the population, who now lack health insurance.

But much of his address was spent in a slashing attack on the Democratic proposals, which he called "a cure worse than the disease."

Mr. Bush's plan relies mostly on financial incentives to make the existing health care system more complete and efficient. Most of the Democratic proposals and some of those offered by Republicans envision a greater Fed-

eral role in insuring care for the poor.

Arguing that his plan "will preserve what works and reform what doesn't," Mr. Bush said: "When we talk about health care, we're talking about matters of the most personal nature — in some cases, literally, life and death decisions."

"We don't need to put Government between patients and their doctors," he added. "We don't need to create another wasteful Federal bureaucracy."

The President's address drew but a tepid response from the crowd of Cleveland business leaders, who interrupted it only once, when they applauded an attack on rising malpractice costs.

On Capitol Hill today, George J. Mitchell of Maine, the Senate Democratic leader, called Mr. Bush's plan "woefully inadequate," and Senator John D. Rockefeller 4th of West Virginia, a leading Democrat on health issues, said it was "little more than a timid gesture."

Senator John H. Chafee of Rhode Island, the chief sponsor of a Republican health bill, said Mr. Bush's offering was a "welcome addition to the national debate."

Under the President's plan, the maximum credit or deduction would be \$1,250 for a single person, \$2,500 for a couple and \$3,750 for families with children. The amount of credit or deduction would fall as income rose. Individuals with incomes above \$50,000, single parents with incomes over \$65,000 and couples with incomes over \$80,000 would not be entitled to deductions.

Covering Cost of Basic Plan

Those who already receive Medicaid, Medicare or other Federal health benefits would not be eligible. Medicaid, the Government health plan for poor people.

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Revamping Health Care: Highlights of the Bush Proposal

- A voucher worth up to \$3,750 to poor families that could be used only to buy medical insurance.
- A tax deduction up to \$3,750 for families with incomes up to \$70,000 and a lower deduction for those with incomes from \$70,000 to \$80,000. There would be no deduction for families with incomes higher than \$80,000.
- Full deductions of medical insurance premiums for the self-employed.
- A requirement that companies provide coverage to anyone willing to pay for it, regardless of pre-existing medical conditions.
- Inducements for small businesses to band together to buy medical insurance for their employees, lowering their cost by spreading the risk.
- Changes in medical malpractice and antitrust laws to hold down medical costs.
- The encouragement of health maintenance organizations in private plans, Medicare and Medicaid.

The following articles describe an employer mandate plan.
The first was reprinted by permission of the author;
the second was reprinted by permission of the newspaper.

THE BOSTON GLOBE • THURSDAY, JUNE 6, 1991

An affordable health-care plan for all

EDWARD M. KENNEDY

WASHINGTON

For many years, health care has been the fastest growing failing business in America. After nearly three decades of neglect since Medicare and Medicaid were enacted in 1965, the nation's health system now faces a crisis that affects every citizen.

Yesterday, with Senate Majority Leader George Mitchell, Don Riegle, Jay Rockefeller and other Democratic senators, I introduced comprehensive legislation to meet this crisis. Our goals are to guarantee all Americans access to affordable health insurance, and to place strict controls on the soaring cost of health care.

As we have seen in recent weeks, President Bush can get the best health care. So can members of Congress. But most Americans can't. The current system is an obstacle course for patients, doctors, hospitals and insurance companies alike.

Thirty-four million Americans have no health insurance today, and the number is rising every year. Sixty million more Americans have insurance that even the Reagan administration said in 1987 would be inadequate in the event of a serious illness. In other words, nearly 40 percent of the US population has no coverage or inadequate coverage.

Congress guilty of malpractice

Runaway costs are pricing health care out of the reach of average families, and becoming a major impediment for US enterprises struggling to compete in world markets against firms from nations where health-care costs are far lower. For years, successive Congresses and administrations have been guilty of malpractice for refusing to act.

Employers today are increasingly cutting back coverage for workers or dropping it. Their premiums are too high because too many other firms refuse to provide any coverage. Insurance-company practices mean that people with health problems find it difficult or impossible to obtain coverage at any price. Large numbers of Americans are one job loss, one job change or one serious ill-

ness away from being uninsured.

If you lose your job, you lose your health insurance. What kind of country lets that happen? If you have a new baby, the basic care needed to get a healthy start in life usually isn't covered. If you change jobs, you may not be able to get health insurance. When your children turn 21, they lose their coverage under your family policy. If you have a chronic illness, you can't get coverage at any price. If you're in a serious automobile accident, you may die while the rescue unit tries to decide whether the nearest hospital emergency room will take you. If your boss feels coverage is too expensive, he can cancel the company's group policy and leave you on your own.

Paying more, getting less

Situations like these are becoming the rule, not the exception, in today's health-care system. A health-care Sword of Damocles is hanging over every family.

The paradox of the American health-care system is that the nation is paying more for its care and getting less value for its dollar. In 1970, the country spent \$75 billion in public and private funds on health. Last year, the total reached \$676 billion, and the figure is continuing to rise at near double-digit rates that far outstrip increases in wages or growth in the economy. Since 1980, out-of-pocket costs — those not covered by insurance — have soared from \$63 billion to \$162 billion. Health-care expenses paid by business now exceed corporate profits. We spend more per person than any other nation for health care — 40 percent more than Canada and twice as much as Germany or Japan.

The legislation we introduced — called "HealthAmerica" — deals with these problems in several ways.

First, in the "play or pay" feature of the plan, all businesses will be required to provide basic health insurance to employees and their families, or else pay a percentage of their payroll — approximately 7 percent — to the federal government to fund comparable coverage through a new public insurance plan, to be called "AmeriCare," which will be available to all citizens who do not have private health insurance.

Each firm will make a calculation as to whether it prefers to insure its workers or

contribute to the public plan for their coverage. The play-or-pay option will substantially reduce the burden of providing coverage for small businesses and for employers with low-wage or part-time workers. The majority of employers today already provide health insurance voluntarily, but a large minority do not. Under our plan, all businesses will do their fair share at a reasonable cost.

AmeriCare would be a federal-state program to replace Medicaid and cover all Americans not receiving Medicare or on-the-job insurance. Workers whose employers choose to contribute to the public plan rather than provide private insurance would receive their coverage through AmeriCare. The unemployed would be able to obtain coverage under AmeriCare by paying premiums based on ability to pay.

In both AmeriCare and job-based coverage, standard hospital and medical bills would be paid. Routine deductibles and co-insurance would be permitted, but pre-existing condition exclusions and other provisions that unreasonably deny protection would be prohibited, and a cap would be placed on out-of-pocket costs for covered services.

In addition, the legislation would establish strict controls over costs.

Unnecessary care costs the nation an estimated \$18 billion a year. Studies by the Rand Corporation of selected surgical procedures found that 15 to 40 percent were unnecessary and potentially harmful. Under our plan, guidelines for responsible medical practice would be adopted to reduce this waste and abuse.

The current system of paying for care through 1,200 different insurance companies is a major additional part of the cost problem. Company overhead, advertising expenses, and excessive profits eat up as much as 50 percent of the premiums for policies purchased by small companies and individual citizens. Dealing with so many insurance companies, and with forms and administrative procedures, also imposes significant costs on doctors and hospitals, which are passed on to patients.

Our legislation would reform the insurance market, so that more of the premiums would pay for actual health care. All but the largest insurance firms would be required to

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join a single consortium in each state to doctors and hospitals. With economies of scale, standardized forms, and simplified procedures, most claims could be handled electronically, and bill-processing costs cut in half.

The plan recognizes the special problems of small business in a number of ways, such as new tax credits to help meet the cost of covering workers, and special phase-in rules to ease the burden. In addition, the insurance market reforms would make coverage significantly more affordable for small firms.

Finally, a Federal Health Expenditure Board, modeled on the Federal Reserve Board, would be created as an independent agency to set health-care budget goals. The board would have the responsibility to implement and oversee national negotiations involving representatives of hospitals, physicians and insurers to set reasonable rates and allocate overall priorities in spending for health care. The board would also encourage the states to take similar steps to meet their priorities for health care within the national goals.

Nothing comparable in health-care cost containment has ever been undertaken before. This proposal may offer the last best chance to deal with the festering problem of runaway costs.

The plan has significant costs for the federal budget — an estimated \$6 billion in the

first year, and substantially more in the years when HealthAmerica is phased in. These budget costs would have to be met by a combination of cuts in existing federal programs and new federal revenues in order to avoid adding to the current massive budget deficit.

Can the nation afford this program? I believe we must because it is the only realistic way to address the crisis before it becomes far worse and costs the country far more.

The key point on costs, however, is that unlike almost all other forms of federal spending, additional spending on sensible health reform saves money in the long run.

The plan we propose is not national health insurance, and it is not the Canadian model, neither of which can be passed by Congress under a Republican administration. This plan is a practical alternative that is comprehensive and fair, and it deserves the support of both Congress and the Bush administration. It is capable of ending the crisis while preserving the single most valuable feature of the existing system, the public-private-partnership that has been the real strength of American health care in the past and that can be its real strength in the future.

Edward M. Kennedy is the senior senator from Massachusetts.

THE BOSTON SUNDAY GLOBE

June 11, 1991

Troubled health care system

Major features of Senate Democrats' new blueprint

To achieve universal health insurance:

- Within five years of passage, all Americans receive health coverage through the work place or new federal-state program called AmeriCare.

- AmeriCare plans, run by each state under national standards, would replace Medicaid for acute care and include all those not covered through the workplace.

- Employers would have to "play or pay" — i.e., offer health insurance voluntarily or pay a 6 to 8 percent payroll tax to fund AmeriCare plans. Low-income subscribers would get premium subsidies, whether insured privately or through AmeriCare.

To control costs of health care:

- New Federal Health Expenditure Board representing medicine, hospitals, insurers, employers, government and other parties would set national yearly spending goals and convene negotiations between payers and providers to bargain over rates; agreement would be binding.

- New federal board would also develop standardized billing forms to reduce administrative costs of doctors and hospitals.

- States would establish consortia to pay claims of

small insurance companies, reducing administrative costs.

- Government would step up efforts to establish guidelines on appropriate medical practice, assess medical technology and encourage managed care plans to discourage unnecessary care.

To address special concerns of small businesses:

- Federal standards would reform small-group health insurance market, making coverage affordable to more small businesses. Standards would eliminate exclusion of people with pre-existing medical conditions or health risks and require community-wide premium-setting.

- Phase in "play or pay" mandate, starting with larger businesses and working downward over five years, allowing firms to insure voluntarily or plan ahead. If at least 75 percent of businesses in each size group insured workers voluntarily, the rest would be exempt from paying AmeriCare payroll taxes.

- New small businesses would have two-year exemption from "play or pay" mandates, and a 50 percent break in third-year payroll taxes.

- Federal government would give new tax breaks to self-employed and marginally profitable small businesses.

The following article describes a national health insurance plan.
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THE CHRISTIAN SCIENCE MONITOR

Tuesday, September 10, 1991

Single-Payer System Guarantees Health Care for Less

By Marty Russo

EVERYONE agrees that our health-care system needs reform. Health-care costs are spiraling while more Americans are being priced out of the system. We spend more on health than any other nation in the world, yet our health statistics are poorer than most other industrialized countries.

We need reforms which guarantee universal health care while cutting billions in wasteful administrative costs. A single-payer health insurance system does both. The General Accounting Office (GAO) and the Congressional Budget Office (CBO) have testified that a single-payer system can guarantee comprehensive health care to all Americans for less than we spend now.

This year I introduced H.R. 1300, the Universal Health-Care Act of 1991, which would strengthen every American's ability to select the doctor of his or her choice. It replaces our nation's 1,500-plus insurance companies with a single, publicly administered and accountable program and uses the substantial savings to provide universal care and eliminate copayments and deductibles. The bill would cover all Americans for a wide range of benefits including hospital and physician care, long-term care, prescription drugs, mental health services, dental care, and preventive care. Consumers would still be free to choose their own doctors, hospital, or health-care provider.

My proposal incorporates many of the strengths of the health-care system that's been so successful in Canada. But it is not a Canadian system; it's an American one. It's about the things Americans have come to expect: freedom of choice, quality care, and the efficient and fair use of their hard-earned dollars. It's about giving Americans the peace of mind they deserve so that when their children are ill they can take them to a doctor without having to pay a high deductible; or when they change jobs, they won't lose their health insurance; or when their parents need long-term care, they will not have to mortgage their home.

Ninety-five percent of Americans would save money under the bill and skyrocketing health-care costs would

finally be capped. Rapidly escalating health-insurance premiums, copayments, and deductibles would be replaced with modest increases in payroll taxes, personal and corporate income taxes, and state and federal contributions. Under the plan, a family of four with \$64,000 in income would save \$1,760 a year.

A single-payer system would dramatically reduce costs because all Americans would be covered under a single comprehensive program. Money would no longer be wasted on weeding out unprofitable groups and individuals, or on advertising, marketing, and commissions, or on billing millions of consumers. Doctors, nurses, and hospitals would no longer have to keep track of the eligibility requirements or complicated definitions of services in insurance plans.

According to a recent report by the GAO, shifting to a single-payer system would save the US \$67 billion in administrative costs alone. These savings would not only finance high-quality care for the uninsured, but would benefit middle-income Americans by eliminating all copayments and deductibles.

The bill would hold down costs by establishing national and state health-care budgets. Fee schedules would be established so that physicians would know in advance how much they would receive for a specified service. Hospitals would be paid monthly, based on a global budget established at the beginning of the year. All of these measures have been cited by the GAO and the CBO as the most effective ways to contain costs.

We can't afford to do anything less than single-payer. Partial solutions like insurance reform or mandated benefits won't work. Quality would continue to decline as insurers increased their role in medical decision-making and costs would continue to rise. I'm tired of hearing that a single-payer is the best system but could never happen in the US. For the amount of money we now spend, Americans should be living two years longer than Canadians, not the other way around. H.R. 1300 doesn't answer every detail. But it does offer the framework for how health-reform should be structured to guarantee that America has the best health-care system in the world — not just the most expensive.

■ Rep. Marty Russo (D) of Illinois is a member of the House Ways and Means Committee.

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ple, covers 30 million people, but that is only about 40 percent of people below the poverty level. More than 35 million people have no medical insurance, while 34 million are covered by the Medicare program for the elderly and the disabled. About 177 million people, including many enrolled in Medicare, have some type of private insurance.

Taxpayers who are self-employed would be allowed to deduct the entire cost of their health insurance under the Bush plan regardless of income, up from the present 25 percent.

Today, \$3,750 would be enough to buy the most basic family medical insurance. Mr. Bush would increase the maximum credits and deductions annually to offset the effect of inflation.

But the increases would be tied to the rate of overall inflation, which was 3.1 percent in the last 12 months, not the higher rate of inflation in medical costs, which was about 11 percent, so the value of the tax benefits could gradually be eroded.

The tax credit for poor people would help defray some of the cost of subscribing to employer health plans. It could also help buy private insurance or a basic package of benefits that all insurers would be required to offer.

Proposals on Insurance

In addition to the tax changes, Mr. Bush proposed legislation that the White House said would make the insurance business more competitive and equitable.

One change would outlaw "cream-skimming," a practice in which insur-

ers provide coverage only to profitable low-risk groups and curtail coverage or raise prices for policies that cover persons who are often sick or at risk of catastrophic illnesses.

Mr. Bush's plan would require insurers to provide coverage to anyone who sought it and to abolish "pre-existing conditions" clauses that limit coverage for new employees. Many workers today are unable to change jobs because they cannot obtain medical insurance from a new employer.

A second proposal would encourage small businesses to band together to buy insurance, spreading the risk among them. Mr. Bush's visit to Cleveland was scheduled in part because the city is home to an organization that has lowered health insurance costs for about 10,000 small companies that way.

Sources of Additional Information

In addition to following news coverage of health care reform, you can obtain information from these sources.

Advocates of Individual Insurance

Heritage Foundation
214 Massachusetts Ave. NE
Washington, DC 20002
(202) 546-4400

President George Bush
The White House
Washington, DC 20500
(202) 456-1414

Advocates of Employer Mandates

Senator George Mitchell (D-ME)
United States Senate
Washington, DC 20510
(202) 224-3121

The American Medical Association
515 N. State Street
Chicago, IL 60610
(312) 464-5374

KS Employer Coalition on Health
1271 Harrison
Topeka, KS 66612
(913) 233-0351

Advocates of National Health Insurance

Physicians for a Nat'l Health Program
Cambridge Hosp./Harvard Med. School
1493 Cambridge St.
Cambridge, MA 02139
(617) 661-1064

Citizen Action
1300 Conn. Ave. NW, Suite 401
Washington, DC 20036
(202) 857-5153

Senator Bob Kerrey (D-NE)
U.S. Senate
Washington, DC 20510
(202) 224-3121

Organizations seeking citizen input on medical ethics

American Health Decisions (AHD) is a coalition of citizen organizations concerned about health care ethics, including health care reform. Below is a list of state organizations that belong to AHD. If your state is not listed, contact Judy Hutchinson at Colorado Speaks Out On Health for information on a resource package for starting your own Community Health Decisions project.

Arizona Health Decisions
Box 4401
Prescott, Arizona 86302
(602) 778-4850

California Health Decisions
505 S. Main St., Suite 400
Orange, California 92668
(714) 647-4920

Colorado Speaks Out On Health
Center for Health Ethics & Policy
1445 Market St., Suite 380
Denver, Colorado 80202
(303) 820-5635

Georgia Health Decisions
Egleston Children's Hospital
1405 Clifton Rd.
Atlanta, Georgia 30322
(404) 378-4764

Acadia Institute
118 West St.
Bar Harbor, Maine 04069
(202) 288-4082

Massachusetts Health Decisions
PO Box 417
Sharon, Massachusetts 02067
(617) 784-1966

Midwest Bioethics Center
410 Archibald, Suite 106
Kansas City, Missouri 64111
(816) 756-2713

Nebraska Health Decisions
Lincoln Medical Center Assoc.
4600 Valley Rd.
Lincoln, Nebraska 68510
(402) 483-4537

Citizens' Committee on
Biomedical Ethics, Inc.
Oakes Outreach Center
120 Morris Ave.
Summit, New Jersey 07901-3948
(908) 277-3858

New Mexico Health Decisions
501 Carlyle Blvd.
Albuquerque, New Mexico 87106
(505) 255-6717

New York Citizens' Committee
350 Fifth Ave., Suite 1118
New York, New York 10118
(212) 268-8900

Bioethics Resource Group
118 Colonial Ave.
Charlotte, North Carolina 28207
(704) 332-4421

Oregon Health Decisions
921 SW Washington, Suite 723
Portland, Oregon 97205
(503) 241-0744

Tennessee Guild for
Health Decisions
CCC-5319 Medical Center North
Vanderbilt University Medical Ctr.
Nashville, Tennessee 37232-2351
(615) 883-3248

Vermont Ethics Network
103 South Main St.
Waterbury, Vermont 05676
(802) 241-2920

Center for Health Ethics and Law
University of West Virginia
107 Crestview Dr.
Morgantown, West Virginia 26505
(304) 598-3484

Wisconsin Health Decisions
Lawrence University
Program in Bioethics
Box 599
Appleton, Wisconsin 54912
(414) 832-6647



Revitalizing America's Economy for the 21st Century

*"Never doubt that a small group of thoughtful, committed citizens can change the world.
Indeed, it is the only thing that ever has."*

Margaret Mead

***Revitalizing America's Economy
for the 21st Century***

Primary Author: Mark Niedergang

We would like to thank
Doug Hamilton
for his assistance in framing this program.

Introduction

Revitalizing America's Economy for the 21st Century looks beyond the current recession and focuses on how we can strengthen our economy for the long run. Since there is widespread agreement that productivity is the key to economic growth and is vital for our national well-being, ideas for promoting productivity form the basis of this program. The material is designed to stimulate a wide-ranging conversation about what is at the root of our economic troubles and what we should do to revitalize our economy.

This program is written for a general audience. We have tried to present basic economic concepts in such a way that everyone can participate, without glossing over real differences among economists. The background section of *Revitalizing America's Economy for the 21st Century* describes the evidence that is leading many people to think that we have deep-seated problems of long-term significance.

Part I describes four general views of the primary problem in our economy and provides the structure for the discussion. The views are:

View 1 – The decline of the work ethic is the main problem.

View 2 – The shortsightedness of American business is the main problem.

View 3 – The government's failure to maintain a strong economic foundation is the main problem.

View 4 – The neglect of society's basic needs is the main problem.

These views represent enduring themes in the public discussion about our economy. They are not presented as the only views or as necessarily distinct from each other, but as starting points for your discussion. We present these alternative views to encourage you and your group to weigh a variety of perspectives and to further develop your judgments.

For groups that are interested in involving themselves in the current political debate about the economy, Part II presents a variety of proposals for immediate steps the federal government could take in an effort to turn the economy around.

A national debate on how to revitalize the economy has begun; the next few years will offer an unusual opportunity for citizens to have an impact on our nation's future.

Background: America in Decline?

A stark headline appeared on the cover of *Time* magazine's second issue of 1992: "Why We're So Gloomy." This was but one of a rash of stories in the media about the ongoing recession and growing public fear about our economy. Said *Time*:

This recession is different. That is the raw, uncomfortable reality that more and more Americans seem to know and feel, from university economists in Massachusetts to shipyard machinists on the Mississippi coast. Many Americans sense that the classic cures for a garden-variety recession — tinkering with the tax code, boosting spending programs, or simply waiting for the business cycle to run its course — may not be enough to restore lasting prosperity this time around. In fact, the U.S. economy needs more than a quick fix. Substantial, structural changes may be required. . . . The longest recession since the 1930s may pass by summer, but it will take years to rid the economy of debt and rebuild America. (*Time*, January 13, 1992)

Although the recession of the early nineties has been painful for many Americans, it has not been as severe as previous ones. True, jobs have been eliminated, dimming the future for millions of people. But unemployment is not as high, nor is the downturn as steep, as during the recessions of 1982 and 1974. So why are people so scared?

What worries many Americans are long-term trends in the national economy and our falling behind in the global economy. For the first time, we wonder if our standard of living will continue to improve. As Tony Lentini of Houston, Texas said in *Time*: "I'm worried if my kids can earn a decent living and buy a

house. I wonder if this will be the first generation that won't do better than their parents."

Growth in Productivity: Why It's So Important

This program considers the larger question of how to strengthen our economy in the long

For the first time, we wonder if our standard of living will continue to improve.

run, rather than focusing on the current recession. When we talk about long-term economic growth, we are really talking about our productivity — how efficiently each worker, whether in services or manufacturing, whether blue collar or white collar, is able to work. (In this program "worker" means *any* kind of worker, and not necessarily a person who works in manufacturing.)

In the years after World War II, Americans became used to a rising standard of living. We expected that each new generation would be more prosperous than its parents' generation. Growth in productivity — in the ability of individual workers to produce more goods and services each year, in the same amount of work time — creates a rising standard of living. A modest annual increase in productivity will create a large rise in the standard of living over the span of a generation (about 20 or 30 years). Similarly, a decline in the rate of productivity growth will have large consequences over a long period of time.

Over the past 20 years, there has been a noticeable slowdown in the growth of our productivity — a slowdown that has already de-

livered a significant setback in the growth of American living standards. Between 1950 and 1969, the productivity of American business rose 2.4% annually, a rate that would cause the real incomes of Americans to double every 30 years. Since 1973, however, annual productivity growth has slowed to about 1%. If we cannot boost our productivity above this rate, it will take almost 70 years for real incomes to double.

Over the past 20 years, while our productivity growth was slowing, the productivity growth of our chief economic competitors remained strong. Many Americans will be surprised to learn that the U.S. still leads the world in productivity – but only because our lead was once so huge. If current trends continue, our products will become less competitive and we will lose more manufacturing jobs. A low growth rate in productivity (say, 1% per year) over a long period of time is likely to have the same impact on us as it did on Great Britain, once the dominant economic power in the world. Perhaps more important, an economy that grows slowly will offer fewer opportunities for our citizens, and may have other undesirable effects on society. (See Box.)

The Reasons for Slow Productivity Growth

The reasons for the decline in the growth rate of America's productivity are not completely clear, but economists have identified four factors that might be responsible:

- a drop in investment by private industry and government, caused in part by low savings;
- a decline in the skills of the American work force relative to the skill levels of other countries' workers;
- a slowdown in the introduction and use of new technologies in factories; and
- the way American management organizes work and motivates workers.

Even though these four factors are related to the four views we present as a framework for

What Should Our Economic Goals Be?

Some people believe that the traditional economic goals of increasing productivity and growth are less important today than other goals, such as lessening the plight of the poor or protecting the environment. They argue that in the past we have sacrificed economic justice and quality of life for economic growth. Now we must establish a healthier balance among these three goals. For example, they say, we should place more regulations on utilities and automobile manufacturers in order to reduce air pollution, even if that will reduce productivity and slow overall economic growth.

The more traditional view is that economic growth is the correct focus for our economic policy, because higher productivity is a prerequisite for realizing other goals. Daniel Yankelovich took this position in *The American Enterprise* (Sept./Oct. 1990):

In the 1960s and 1970s a rising tide lifted all boats. . . . Not surprisingly, young people with a college education were able to improve themselves and make a good living. But so, too, were young workers without a college education. . . . The abundance of opportunity in those years spurred the public to generosity. . . . The success of the traditional American strategy – advancing equality of opportunity – depends on broad-based economic growth in manufacturing as well as services.

The social consequences of not . . . [improving economic competitiveness] are less familiar than the economic ones but potentially far more disturbing. . . . This is a formula for social and political instability. The history of this century shows that there is no more potent negative political force than downward mobility. If the American Dream becomes a mockery for tens of millions of vigorous young Americans, who, it should be remembered, represent mainstream American youth, not just inner-city minorities, the nation can expect increasing levels of violence, crime, drug addiction, rioting, sabotage, and social instability. . . . History suggests that under such circumstances, demagoguery is almost inevitable.

(This worthwhile debate is the subject of another Study Circles Resource Center publication, *American Society and Economic Policy: What Should Our Goals Be?*)

your discussion, there are differences. The factors described here paint a picture of America's economy with which most economists would agree, while the four views that come later represent the arguments of advocates that lead to distinct policy proposals.

Investment and Savings. Investment in new capital – equipment, factories, and infrastructure (schools, roads, bridges, airports, railways, etc.) – is an important part of productivity growth. New machines, better technology, and improved transportation make businesses more productive, which eventually raises the incomes of workers, managers, and owners.

In the private sector, U.S. businesses have not been investing enough in new technology and equipment. *The Economist* reported on January 18, 1992: "American businesses are investing far too little in their future. At only 9% of national income, they spend less than half as much as Japan (almost 20%) each year on new capital, and roughly one-third less than Germany (13%)." In the public sector, government has not been investing enough in our infrastructure. Spending on infrastructure projects has declined from 3.2% of gross national product (GNP) to 1.6%. Japan, by contrast, invests 5% of its GNP in its infrastructure.

The funds for capital investments come from both Americans' private and public savings and, through borrowing, from foreigners. Private savings result when citizens set aside money, whether for retirement, for future purchases or expenses, or for their children. Public savings are a result of government budget surpluses. (While many state governments ran budget surpluses or had balanced budgets until recent years, the federal government has run a budget deficit since the 1970s.)

In order to have more money to invest, we must save more. However, during the past decade the rate of national savings dropped significantly. In 1990 Americans saved less than 5% of disposable income, far less than did Japanese and Germans, who both saved

around 14%. American consumers and industry more than doubled their debt in the 1980s, and the federal government has been running larger and larger budget deficits. The projected 1992 shortfall is almost \$400 billion. The total national debt has tripled since 1980; it is now \$3.1 trillion, which amounts to roughly \$10,000 for every man, woman, and child in the country.

The drop in investment in the 1980s was not as steep as it might have been because government and businesses were able to borrow from the rest of the world in order to invest. Also, businesses and individuals borrowed money to pay for the trade deficit – the difference between what we spend on imported goods and what we receive for the goods we export. As a result, the U.S. now has a large debt to foreign creditors – a situation that has its drawbacks. This debt represents a claim

How Federal Budget Deficits and the National Debt Hurt the Economy

While there are some economists that argue that large federal budget deficits are not necessarily a problem, many believe that they hurt our economy in two ways:

1) A decade of large deficits has led to an enormous national debt. The payments that we must make on this debt (\$286 billion next year – one out of five dollars that Washington will spend) will limit government's ability to invest in infrastructure and in research and development (R&D) for many years. This is a common problem in the third world, where citizens labor to pay their nation's creditors for past consumption rather than to invest in their future.

2) Large amounts of government borrowing raise interest rates. Higher interest rates reduce business investment and hurt companies because it costs them more to borrow money.

There is widespread agreement that what has hurt our economy is *not* just the large debt itself, but the fact that we did not use the money wisely. If we had saved and invested the money we borrowed for the future – instead of consuming it for the present – it would have made us more productive and wealthier. If we were wealthier, paying off the debt would be less of a burden.

that others have on our future output. Since we will have to send increasing proportions of our national income out of the country in order to pay off our debts, increasing amounts will not be available for savings and investment to increase our productivity and wealth. If the growth rate in our productivity compared favorably with others' growth rates, this would be a less daunting prospect.

Work Force Skills. While American workers are still the most productive in the world, our lead is slipping fast. If current trends continue, we may not have enough well-educated and well-trained workers to handle the more demanding jobs of the future.

One possible reason that our work force skills have declined relative to those of other countries is that American companies and government don't spend as much as other nations on job training. We also do not prepare young people for working life as well as do our competitors. In Germany, for example, an apprenticeship system not only teaches most young people how to do their jobs, often right in the factory, it provides each young person with a mentor. In Japan, companies extensively train new employees and make a life-long commitment to keep and retrain them.

Perhaps the main cause for the decline in work force skills is the failure of many American students to get a basic education in grade school and high school. We frequently hear about companies that are unable to find qualified applicants to fill entry-level jobs. *Fortune* (December 17, 1990) described a situation that has become commonplace: "Motorola recently determined that employees should have at least fifth-grade math skills and seventh-grade reading skills to work in its plants — only to discover that fully half its workers need remedial training to reach this level!"

Use of New Technologies. While the U.S. is the world leader in basic scientific research and in inventing new technology, other countries excel at turning U.S. inventions into marketable consumer products. For example,

Americans invented the VCR, but Japan so dominates the consumer electronics industry that no VCRs are currently made in the USA. One explanation for this weakness is that we graduate half as many engineers per capita as does Japan. (Many are quick to point out that we train more lawyers and MBAs per capita than anyone else in the world.)

Part of the problem may be that in the U.S. there is proportionally less investment in

Some think that the traditional American management style leads to slower growth in productivity.

research and development that has commercial possibilities. The U.S. government invests 1.8% of its GNP in non-military R&D, lagging behind Japan's 2.8% and Germany's 2.6%. We emphasize military research and development, and even in civilian R&D a large portion of funding goes to the space program and to massive research programs in basic science. In sum, while other governments invest more to develop technology for consumer goods, much of America's research is too exotic to be commercially useful. The answer may be not to give up our strength in basic research but to augment it with an increased investment in research for applied technologies.

The Organization of Work. Some think that the traditional American management style leads to slower growth in productivity. This style — rigid, top-down, hierarchical — may not be as effective as management styles that encourage workers to take part in the planning and management processes. Teamwork models developed in the U.S. and "quality circles" in Japan seem to indicate that people work better when they work cooperatively, especially when they are given some control over their work.

But American management has been slow to adopt these new ways, in part because it has structured work in a top-down way for so long.

Unions, business, and the government come together as partners in countries where there is an explicit industrial policy. In those countries workers have more of a voice in management decisions, and more of a stake in the companies. For example, German unions have representatives on the boards of directors of big companies. In Japan, companies hire workers for life, and executives take pay cuts and trim other expenses before laying off workers.

The Result of Falling Behind: Smaller Paychecks

The weaknesses described above have led to slower growth in productivity. This has led in turn to lower wages, affecting many Americans where it hurts — in their paychecks.

Over the past 15 years, earnings have stagnated. Taking inflation into account, the median family income has increased at an average annual rate of only 0.3% over the past 20 years, from \$24,345 to \$25,830 — despite the fact that increasing numbers of families now have two wage earners instead of one, and despite the fact that Americans are working more hours! By comparison, incomes grew nine times as fast from 1959 to 1973, at 2.7% a year.

Along with a slower growth in productivity, an upward redistribution of income during the 1980s has affected American earnings. Job and earnings prospects for the roughly half of all Americans who do not go to college have declined significantly as we have lost manufacturing jobs. Daniel Yankelovich writes: "From the mid-1970s to 1986, the median income of young males without some college education has been slashed by 35%. For high school drop-outs, median income has dropped an amazing 42%!" (*The American Enterprise*, Sept./Oct. 1990). Many of the people who have been laid off from high-paying manufacturing jobs may never again hold jobs that pay as well.

Because productivity has grown so slowly, many American industries — including computer chips, machine tools, consumer electronics, and

automobiles — have lost customers and therefore jobs to companies in other countries. As a result of losing jobs in high-paying industries

Over the past 15 years, earnings have stagnated.

such as these, a greater proportion of American workers is employed in lower-paying service and manufacturing jobs.

Too Gloomy?

Despite these facts and figures, some analysts believe that the weakness of America's economy has been exaggerated. The British magazine *The Economist* argued in an editorial that Americans' view of the economy is "hopelessly distorted" ("Sam, Sam, the Paranoid Man," January 18, 1992).

To support its argument, *The Economist* states that over the past five years the amount of our manufactured exports rose by 90% and our trade deficit declined from \$160 to \$72 billion. American companies in fields as diverse as aircraft, computer software, and pharmaceuticals are world leaders, have added jobs, and are increasing their productivity. And, U.S. productivity growth in manufacturing increased in the 1980s, and was actually slightly higher than Japan's. The U.S. remains the world's leader in developing new technology, and American universities are the best in the world.

Unfortunately, most economists do not agree with this optimistic spin. While acknowledging the bright spots, they say the major trends are in the wrong direction. We are falling behind or already behind in areas in which we led for decades. In those spheres in which we still hold a lead, such as overall productivity, our competitors are rapidly catching up. Our overall growth rate in productivity, which includes both the service and the manufacturing sectors, has been the slowest of the

industrialized nations in the past three decades. (Some have said that our performance in the service sector is especially important, since services make up a much larger share of our economy than does manufacturing.)

Fixing Our Productivity Problem

Most economists agree that we must fix our productivity problem if our standard of living is

While there is agreement on the goal of improving our productivity growth rate, there is disagreement about how to achieve it.

to resume its upward climb. Harvard University's Benjamin A. Friedman said in *Business Week* (January 20, 1992): "What America needs is more investment in new factories, new

machinery, new research, new infrastructure, and a better educated work force — and not more consumption." And Allen Sinai, chief economist of the Boston Company said in *Time*: "We are at an important crossroads. . . . This is the time to take major steps and make major changes. The economy is beset by structural, long-term problems that cry out for a systematic plan of attack."

While there is agreement on the goal of improving our productivity growth rate, there is disagreement about how to achieve it. This disagreement stems from different views of the underlying problems in our economy — that is, different explanations of "how we got into this mess."

As a framework for your group's discussion, the following section presents four different views of what is the main underlying problem in our economy and explains the broad, long-term changes that supporters of each of these views advocate.

Part I – The Underlying Problems and Potential Solutions: Four Views

Our understanding of our economic problems shapes what we plan to do about them. The following pages present four different views of why our economy is slipping, along with corresponding prescriptions for its revitalization.

The material explains each of the views in turn, using the voice of a supporter of that view. The views are not necessarily exclusive of one another, but each represents a set of commonly held beliefs and values. With each of these views we include some of the evidence its supporters use; we leave it to your study circle to point out the counter-evidence for each position. Since each view calls for a different response, each is accompanied by a set of proposals for long-term changes to improve the economy.

You will probably agree with some points in each of these views; you may even think that all four are partially correct. We encourage you to express your agreements and disagreements with each view: Where is it right? Where does it miss the mark?

As your group considers all four views, you will be able to reconsider your opinions in light of others' ideas. Do you favor one of the four descriptions of "how we got into this mess"? Or, is there some combination of views that best describes our economy's underlying problems? Do you have a completely different idea about what the problems are?

As the discussion proceeds, listen carefully to what others have to say. Try to keep an open mind and to understand where the other participants are coming from. This is a large topic, and each person's unique experiences will shape his or her view of what's wrong with the economy and how to fix it.

Finally, as you consider the proposed solutions that accompany each view, ask yourself: Which ones are most likely to work? Which ones will be ineffective or make the situation worse? Most important of all, which of the proposed remedies should have the highest priority? What would be *your* program for revitalizing our economy over the next decade?

View 1 – The decline of the work ethic is the main problem.

Our economic problems stem primarily from a lack of moral fiber throughout all classes in our society. At one time Americans worked hard and took pride in their work. We were known for our "Can do!" attitude, for getting the job done.

Now too many Americans want it easy and want to get rich quick. While once the American Dream was to work hard and to get ahead by moving up in a company or by starting your own business, now many Americans dream about winning the lottery.

Too many American workers just "get by" and do the bare minimum when they're at work. Alcohol and drug abuse is a significant problem. At the bottom of the ladder, workers take advantage of "the system" however they can, for example, calling in sick when they're not, especially on Fridays and Mondays.

Everybody expects more money, whether they deserve it or not. Workers expect high wages and benefits regardless of how an in-

dustry is doing. As a result, labor costs are so high that we lose factories and jobs to other countries. Executives' pay often has no connection to a company's performance, and is absurdly high compared to what workers earn. What does it do for morale when a struggling company lays off employees and then gives million-dollar bonuses to its executives?

The decline in our work ethic extends to families and children. Many Americans seem unwilling to delay gratification. Families used to save for their children's future; now, they are heavily in debt. Once America was owed more money than any other nation, but now we are the world's largest debtor.

More of our children are dropping out and the ones that stay in school are learning less than the previous generation did. Illiteracy is high (27 million Americans over age 17 are functionally illiterate) and on the rise. Many parents either don't care or are too busy to make sure their kids do their homework. Children and adults alike watch too much TV.

Those who see our economic problems as primarily due to a declining work ethic say that to find long-term solutions we should:

Proposed Solutions

- Return to the basic values which made this country great: hard work, pride in our work, compensation based on performance, self-improvement, thrift, sacrifice, and a commitment to provide our children with a better life.
- Increase parental involvement with their children's education, at home and through working to improve the schools.
- Improve work skills through increased participation in education and training. Business and government can help by providing more on-the-job training and student loans.
- Develop better financial habits. Families must consume less, borrow less, and save more.

View 2 – The shortsightedness of American business is the main problem.

For 30 years after World War II, American companies were the world's most productive. Business and labor leaders from other countries learned from us. But over the last 20 years something has gone wrong with American business.

Once upon a time, American business leaders focused on producing quality products, on developing new technology, and on steadily improving their products. They invested for the future and built up their companies for the long haul. Now, many corporate managers and boards of directors are primarily concerned with short-term profits and "the bottom line" for the next quarter.

During the 1970s many American managers were complacent, and the quality of many American products declined. Many of America's business leaders spent the 1980s engaged in financial manipulations that did not create new products, new jobs, or real wealth. They speculated in real estate and development, going heavily into debt, built wealth on paper through leveraged buyouts and mergers

and acquisitions, and issued junk bonds to borrow money, paying lawyers and financiers enormous fees.

Instead of retaining American jobs by investing in new equipment, upgrading factories in the U.S., and retraining workers, many corporate leaders chose to move production overseas where wages are lower and profits are higher. Even when production stays at home, American managers are behind the times in the ways they organize work and motivate workers. Many Americans think that unions are also part of the problem.

In comparison with other countries, there is little history of structured cooperation among business, labor, and government. In our chief competitors' systems, the three sectors work together closely to enhance their companies' productivity, often following the guidelines of an explicit plan (an "industrial policy") developed by government. While this may or may not be the answer for America, how can we do our best if we are failing to work together as well as we could?

Those who think that American business is responsible for our economic woes suggest that we should:

*Proposed
Solutions*

- Emphasize long-term growth instead of short-term profits. Increase investment in R&D, new equipment, and worker training.
- Increase government regulation of business in order to restore a focus on long-term growth and to prevent corporate excess and irresponsibility such as that represented by the savings and loan disaster.
- Practice a more effective management style that gives workers more responsibility, emphasizes teamwork, and enhances motivation.
- Increase structured cooperation among business, unions, and government.

View 3 – Government's failure to maintain a strong economic foundation is the main problem.

The federal government has primary responsibility for the economy. While there is a debate about the extent to which government should be involved in the economy, few would deny that there are some areas where government *must* be deeply involved. In many of these areas, Washington has failed to provide leadership or has simply failed to do the job.

Our national budget deficit is out of control. A few economists argue that it's not a problem, but most think it is. Everyone agrees that the enormous national debt severely limits what government can do to make the economy more productive.

Our government has failed to invest enough money in our infrastructure, the foundation of our economy. Poor roads and railways, deteriorating bridges and school buildings, and air travel delays make American companies less competitive. Lack of government investment has slowed our progress in making more efficient use of energy, causing a much larger trade deficit than is necessary. Washington has neglected civilian research and development, especially for moving new technology from the drawing board to the factory.

Federal tax laws don't do enough to spur business investment and support worker training, and many leaders are calling for changes in tax laws. Federal laws and regulations also con-

tribute to the corporate focus on short-term profits.

Washington has allowed other nations to take advantage of our free trade policy and has failed to protect American companies from unfair trade practices. Countries like Japan have barriers for our products, but we let them sell their products here. This contributes to our trade deficit and costs American jobs.

We continue to spend a major portion of our military budget to defend Japan and Europe – our primary economic competitors. As a result we have less money to invest in making our economy more productive, and they have more.

There is a debate about government's proper role on some of the above issues. Some think Washington should be more involved. They argue for an industrial policy that would provide government support for research and development of new technologies, strong action on trade, and more regulation. Others say government should stay out of business's affairs, because government is incompetent and because economic decisions would be influenced by politics. They argue that high taxes, excessive regulation, and red tape have hurt our economy.

But these differences about the proper role of government are minor compared to the broad agreement about where the government has gone wrong on the economy.

Critics of the government's handling of the economy often do not agree with each other. A variety of long-term remedies have been suggested, some of which conflict with others:

Proposed Solutions

- Reduce the federal budget deficit.
- Increase investment. Rebuild our infrastructure through large public works programs, increase spending on civilian R&D, improve energy efficiency, and provide tax breaks for investment.
- Establish an industrial policy and help develop emerging technologies into important new industries.
- Protect American companies: force Japan to open its markets or demand trade concessions to level the playing field.
- Reduce taxes, regulations, and red tape.
- Cut our military forces dramatically and use the "peace dividend" to strengthen the economy.

View 4 – Neglect of society's basic needs is the main problem.

Our society and our work force have become weak because we do not invest enough in the health, well-being, and education of our own people. Many Americans do not receive the social assistance they need to be productive workers. This lack of support has hastened the decline of the most important institution in our society – the family. Our competitors' societies simply take better care of their workers, and it shows in their productivity.

Our society's greatest weakness is the sad condition of our primary and secondary schools. Even though problems are greatest in inner cities and poor rural areas, our entire educational system is in trouble. While the top 10% of American students match the best in any nation, the vast majority of students lags behind. Many in the lower third leave school without adequate skills for even entry-level jobs.

Our priorities are confused: many of the well-off receive large government benefits like Social Security, Medicare, and tax breaks on mortgage interest, but one-fifth of our children live in poverty.

Our expensive and inefficient health care system is not only an enormous financial bur-

den on American companies, it saps our workers' productivity. The 33 million Americans without health insurance (most of whom work or are a dependent of a worker) are less healthy because they can't afford checkups and preventive health care.

There is a general deterioration in our society exemplified by the following:

- Crime and violence. We have the highest murder rate and incarceration rate in the industrialized world.
- Alcohol and drug abuse. These are an enormous drain on our workers' and students' productivity.
- Teenage pregnancy and single-parent families. Every year 127 out of 1,000 American teenage girls becomes pregnant, the highest rate in the industrialized world.
- Rising poverty. After two decades of decline, the poverty rate rose again in the 1980s, especially for women and children.

While it is hard to measure the precise impact of these factors on the productivity of American workers, it seems evident that the insecurity, fear, deprivation, and hopelessness experienced by some in our society must take its toll on the entire society.

To make our society more healthy and our work force more productive in the long run, we should:

Proposed Solutions

- Improve our primary and secondary schools.
- Reform our health care system to cover everyone, reduce the burden on business, and control costs.
- Provide more support for families – especially the poor and lower middle class – in their everyday struggle to just “keep it together.” Families need better day care, more family leave, and larger tax breaks for children.
- Increase government support for children who live in poverty. Provide access for all poor children to effective social welfare programs such as Head Start; the Women, Infants, and Children (WIC) nutrition program; and the Job Corps.

Postscript

There are several views relevant to revitalizing our economy which have not been included in the central part of this program because they have not been part of the broad public debate. We present them briefly here because you may wish to include them in your discussion.

Some Americans believe that we are unlikely to restore our former high rate of productivity growth. They say that as a nation we have reached our peak and are now in decline. Our society is being destroyed by social ills. Our culture of "rugged individualism" will prevent the cooperation among business, government, and labor that is necessary in order for us to retain a top position in the global economy. For many this is a sobering perspective, but one that some believe is a realistic assessment of the situation. One of our most important tasks, according to this argument, is to adjust our mindsets and lifestyles to a steady or decreasing standard of living.

Others agree that it is unrealistic to expect that we will regain our former economic advantage, but their view is more optimistic.

They believe that even though we won't achieve our former status, we will be able to bounce back and raise our productivity growth. The global economy of the 21st century may turn out to be a great leveler, making it more difficult for any one nation's economy to stay ahead of all the others for long. According to this view, America's goal should be more modest than it was during the past 50 years of what *Time* magazine once called "The American Century." Perhaps, they say, we should aspire to be within the top rank of economic powers rather than to be in the Number One position.

Some argue that the above perspectives are fatalistic, and that limited ambitions will doom us to second-class status. Still others hope that, even if such limits are inevitable, we can learn from them and respond by setting an example of economic development that takes into account human and environmental needs. According to this view, the limits of growth present us with an opportunity to re-evaluate our society. Here, the dialogue on revitalizing our economy inevitably merges with a discussion of America's broader goals.

Part II – What Immediate Steps Should We Take to Revitalize the Economy?

Since many of the steps recommended in the previous pages will require widespread changes in individual behavior or dramatic changes in policy, they will require incremental steps and are likely to take many years. The recommendations include sweeping changes in individual attitudes, in schooling, in parenting, in work habits, in business practices, and in our government. Once you have considered what long-term changes we need to make, the immediate question is "Where should we begin?"

There are some steps that America can take now which might have a significant impact by the end of the decade. Most of these steps would be initiated by the federal government. As the largest employer and the most powerful institution in the U.S., the federal government can have an immediate effect. And, because the federal government is the only institution that can reasonably claim to represent the nation as a whole, it is natural that much discussion will focus on what Washington should do.

This collection of policy proposals is provided for groups that want to look more closely at current political issues. Many of the ideas described below will be debated in the 1992 election campaign and may continue to be on the public agenda in the years ahead. This list is by no means complete; some of it may be outdated by the time you read this. You may want to find one or two good newspaper articles that describe more recent proposals for revitalizing the economy in order to augment this part of the discussion.

In discussing and evaluating these short-term initiatives, you may wish to consider the following questions:

- Which of these policies will be most likely to work?

- Which would have the most significant impact over the long term?

- Which are politically realistic?

Most of these proposals will be costly, and it's unlikely that large amounts of federal funds will be available for new programs in the 1990s. Therefore it's essential to set priorities and to decide where the money will come from. So, two other questions for your consideration are:

- Which specific step should we take first?

- How should we pay for this?

Short-Term Policy Proposals

These proposals are lumped into three broad groups. We have numbered them consecutively so that you can refer to them easily in your discussion.

Improve the work force – Those who believe that our highest priority should be a healthy work force with a high level of skills support the following steps:

- 1) Provide incentives, such as tax credits, for businesses to spend more on worker training.

- 2) Provide more funds for programs to re-train laid-off workers.

- 3) Provide tax credits and make loans available for anyone who wants to get more education or training on his or her own.

- 4) Restructure our health care system so that all Americans have insurance.

Help American companies – Those who believe that Washington should provide assistance to American companies so that they can compete on an equal footing with foreign companies propose the following:

Revitalizing America's Economy for the 21st Century

5) Get tough with our trading partners, such as Japan, to ensure that the terms of our trade with them are fair.

6) Significantly increase spending on the infrastructure by creating large-scale public works projects.

7) Encourage business investment through tax breaks, perhaps targeted for R&D, for new plants and equipment, or for job creation.

8) Cut the capital gains tax to encourage individuals to invest more.

Reduce the budget deficit — Many who believe that increasing savings and investment is the highest priority say the first step is to reduce the federal budget deficit. But there is little

agreement on how to accomplish this. Here are some of the options:

9) Increase taxes. Current proposals include higher taxes on the well-off or a tax on gasoline that would increase its price by five cents per gallon each year for 10 years.

10) Make cuts in social welfare programs.

11) Make all "entitlement" programs such as Social Security and Medicare "means-tested" so that the well-off do not receive financial assistance from the government.

12) Cut military spending to create a peace dividend.

13) Reduce government waste and inefficiency; cut "pork barrel" projects that members of Congress put into the budget for their districts.

Glossary

Budget deficit – amount by which budget expenditures exceed budget revenue, or income, during a specific period of time. Each of the federal government's annual budget deficits contributes to the total national debt.

Capital – that which makes increased production possible. Physical capital is the material goods that have been set aside to use for production rather than for consumption; an example of physical capital is a machine in a factory. Financial capital is a claim represented by a security, such as a stock or bond. Businesses and governments issue securities to raise money to buy physical capital.

Gross domestic product (GDP) – the total market value of all goods and services produced in a country during a specific period of time, usually one year

Gross national product (GNP) – the total market value of all goods and services produced in a given period by labor and property supplied by residents of a country, regardless of where the labor and property are located. GNP differs from GDP because it includes the income that U.S. residents earn from investments in other countries, minus the income that people living in other countries earn from investments in the U.S.

Import quota – a limit set by one nation on the number of units of a product that can be purchased from another nation

Industrial policy – a plan developed by government, usually in collaboration with business and labor, to speed the develop-

ment of key industries or technologies. This may involve government assistance in the form of funds for research and development (R&D) or in the form of tax breaks. It may also involve temporary restrictions on imports in order to protect new industries.

Inflation-adjusted – a measure of the real value, i.e. the value after the loss of purchasing power due to inflation has been deducted. For example, if your income is \$10,000 and inflation is 10% per year, after one year your inflation-adjusted income is \$9,000.

Infrastructure – government-owned capital goods that provide services to the public. Examples include school buildings and other public buildings, roads, bridges, railways, airports, dams, and harbors.

Investment – the current product set aside during a given period to be used for future production (in other words, an addition to the stock of capital goods) or the purchase of a financial security such as a stock or a bond.

Median family income – the middle family income. Half of all families incomes are below this figure and half are above. It is more descriptive than the average (mean) income, because when even a relatively small number of families have very high incomes, the average will be far higher than the incomes of the majority of families.

National debt – the total amount owed by a national government to all creditors, whether private or public

Productivity – average real output per unit of input. In this program, productivity usually refers to labor productivity, or the average real output per hour of labor.

Quality circle – regular meetings of workers and managers to discuss how to improve the quality and speed of production. A way to give workers regular opportunities to share ideas with managers.

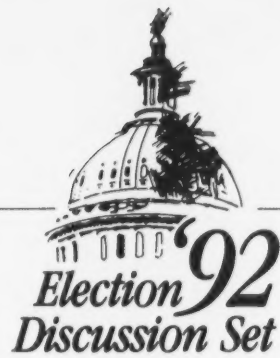
Real (as in real income, real wages, etc.) – adjusted to remove the effect of inflation

Recession – a period of reduced economic activity; when described in hindsight, the phase of the business cycle extending from a peak to the next trough. When GDP goes down for two successive quarters, the economy is considered to be in recession. Real GDP usually falls throughout a recession.

Savings – money set aside, whether by private citizens or by government. Private savings come from money put aside by private citizens for retirement, for unforeseen expenses, for meeting future expenses of their children, or for boosting their own future consumption. Public savings are the result of a government budget surplus, when government income exceeds expenditures.

Tariff – a tax imposed by a government on imported goods

Trade deficit – the amount by which the total value of a nation's imports exceeds the total value of its exports during a given period of time, usually a year



**Welfare Reform:
What Should We Do
For Our Nation's Poor?**

*"Never doubt that a small group of thoughtful, committed citizens can change the world.
Indeed, it is the only thing that ever has."*

Margaret Mead

***Welfare Reform:
What Should We Do For Our Nation's Poor?***

Primary author: Martha McCoy

We are grateful for the assistance of Mimi Abramovitz, DSW, Professor of Social Work and Social Policy at Hunter College School of Social Work. Professor Abramovitz is author of *Regulating the Lives of Women: Social Welfare Policy from Colonial Times to the Present*.

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Introduction

Hard times bring about a predicament in our social service programs: the decline in economic growth causes a drop in tax revenues just when more and more people require assistance. The result is more and louder calls for welfare reform.

One opinion of welfare reform proposals is that they are an ineffective attempt to balance the budget on the backs of the poor while satisfying the taxpayers that something is being done. Others think that welfare reform is important and necessary, especially in lean times. And because some welfare reform arguments appeal either overtly or covertly to racism, the issue is a particularly difficult one to disentangle. Whatever the wellsprings of current public attention, there is enough concern about the welfare system that it has become an important election-year issue.

Coming to the end of our long and costly struggle against the Soviet Union has forced us to re-examine our nation's goals, both within our borders and in our relations with other countries. Welfare reform calls on us to think about the enduring issues of society's responsibilities to its members and how, in a distinctive American context, those responsibilities should be carried out.

What should we do for our nation's poor? Most discussions of welfare programs focus on aid to those poor who are working-age and who are of sound body and mind. Scarcely anyone disputes that public assistance should go to the needy elderly or to those who are incapable of work due to physical or mental disability, though definitions of what constitutes a disability may come into question. Also, many argue that government assistance for those with a disability is inadequate.

The policy debate on welfare for the able is more complex and taps into a wide variety of values held by many Americans: personal re-

sponsibility, the work ethic, equality of opportunity, freedom from government intrusion, and social justice. The debate is complicated because it causes us to examine many of our conflicting concerns. On the one hand, there is a growing fear that Americans have forgotten the meaning of work and responsibility. On the other hand, there is a concern for social justice and a desire to alleviate the suffering of those who are in need. Cutting across these values and concerns is a widespread alienation from the political system and a perception that the public sector is wasteful, unaccountable to the public, and controlled by special interests. Some believe that government already does too much, others believe that it doesn't do enough, and most believe it should somehow do things *differently*.

There is even more complexity in the debate because welfare policy is made at all levels of government — federal, state, and local. Even though there are some federal guidelines, there are variations in services, expenditures, and requirements for recipients, from state to state and sometimes within states. While some presidential candidates are raising welfare as a national issue, many current welfare reform ideas are being proposed or enacted at the state level. Though we provide some basic information on the welfare system, we encourage you to research the welfare system where you live. The aim of this program is to help you make a judgment about what direction you think the welfare system at all levels should take.

This program begins with background information on poverty and the welfare system and then lays out a spectrum of approaches for welfare reform. Each approach is based on a unique set of beliefs about the nature of poverty, the deficiencies of the current welfare system, the policies that are most likely to work, and what should be done to reform the

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system. Each has a unique perspective on which values our welfare system should stress. The four approaches are:

Approach 1 – Cut welfare for the able: the welfare system is expensive and it does not work.

Approach 2 – Use welfare as a tool to require recipients to become more responsible.

Approach 3 – Increase welfare benefits and expand services to give the system a chance to work.

Approach 4 – Replace the current welfare program with a universal social welfare system.

The approaches are not intended to pit group against group or person against person; rather, they provide a tool for weighing the

relative importance of many highly desirable goals and deeply held values. When this discussion is effective, individuals will appreciate that some of the most difficult conflicts are within themselves and that solutions to the problem at hand reflect inherently difficult tradeoffs. We present the alternatives not as the only possible ones, but as springboards for reflection. We encourage you to come up with your own approach, which may reflect a combination of some elements in the four presented here as well as new elements.

Almost everywhere in the country the welfare system is drawing controversy and will continue to be a matter for public discussion. Dialogue among concerned citizens is one way to work through the underlying beliefs that give rise to our society's conflicts about welfare.

Background: Poverty and the Welfare System

Though the United States government declared war on poverty decades ago, the poor are still with us. In fact, their numbers are increasing. The Census Bureau reported in 1990 that 13.5 percent of all Americans were living in poverty, up from 12.8 percent in 1989. This increase is due in part to the recession. Some fear that it is the result of long-term, deep-seated problems in our society and in our welfare system.

Though poverty may go unnoticed by many in our affluent nation, it has dire consequences for many peoples' lives. Many of the poor are chronically undernourished, unhealthy, and depressed. Long-term poverty is accompanied by violence, the loss of hope, and the disintegration of families and communities.

The federal government defines poverty and attempts to measure it. The "poverty index" takes into account income, family size, family composition, and the local cost of living. There are higher rates of poverty among certain groups — for example, among blacks, women, and children. Many poor people hold paying jobs and yet remain in poverty. In 1988 40% of those in poverty earned wages, but the wages were too low to pull them out of poverty.

Since the 1930s, the federal government has played some direct role in easing poverty by giving cash and in-kind assistance to the poor. What began as a stop-gap measure during the Great Depression was institutionalized in 1935 with the passage of the Social Security Act. That law created two social insurance programs — retirement insurance and unemployment insurance — and three public assistance programs — old-age assistance, assistance for the blind, and, with the Aid to Dependent Children program, public assistance for low-income families with dependent children.

When people speak of welfare, they are usually referring to Aid to Families with Dependent Children (AFDC), the main public assistance income program for the poor. More than half of its funding comes from the federal budget, but the program is administered by state governments. Each state sets a "need standard" to determine who qualifies and then determines the amount of cash assistance beneficiaries can receive. Generally, a recipient must be a single parent living with at least one child under the age of eighteen.

Currently a little more than 5 percent of Americans, or 13 million individuals, receive AFDC. Of these, 9 million are children. Of the adults, over 90% are female. Recently published data refute some widely held stereotypes about welfare and welfare recipients. For instance, 72% of the families that receive AFDC have only one or two children. Less than 10% of the families have received AFDC for more than a decade.

Additional government programs for the poor were initiated in the 1960s and 1970s. These programs — such as food stamps, Medicaid, housing assistance, and job training programs — provide support without providing direct cash assistance. The food stamp program is entirely federal, while the other programs in this category are shared by the federal and state governments. Also, some states have their own general assistance programs which give cash assistance to single poor people without children.

Debates about the structure of the welfare system and its goals have surfaced again and again, and have often bogged down in partisan politics. When President Johnson launched the war on poverty in 1964, there was great optimism that the problem of poverty could be ended or at least eased. In the initial years, the percentage of Americans below the poverty

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line decreased rapidly. With a resurgence of poverty in the 1970s, however, both liberals and conservatives expressed reservations about the ability of the system to address the problem. There were many ideas about what should be done, and the current debate on welfare reform reflects many of the themes that emerged then. By 1980, welfare reform became a major theme on the national political scene. During Reagan's presidency, spending for most social programs decreased, particularly for those programs targeted towards the poor, and the federal government transferred some welfare responsibilities to the states.

Two enduring questions of the welfare reform debate concern benefit levels and work requirements: these questions in particular draw upon values, as well as upon beliefs about "what will work." Though no set of facts can solve debates over values, certain facts will be useful in any discussion. AFDC constitutes only 3.4% of the average state budget, and last year made up 1% of the federal budget. Because of the growing numbers of people who receive AFDC, the recent growth in program costs, and growing budget shortfalls, AFDC has been a popular target for spending cuts at the state level. In 1991, all but 3 states cut the amount of AFDC benefits that a family was eligible to receive or kept the benefits at previous levels. (For recent information on the increase in the number of welfare cases and in AFDC spending, see Jason DeParle, "Fueled by Social Trends, Welfare Cases Are Rising," *The New York Times*, January 10, 1992.) Average benefits, when adjusted for inflation, have declined by 27% over the past 20 years. Last year, benefits averaged \$623 per month for a mother with two children and no outside income (Jason DeParle, "'88 Welfare Act Is Falling Short, Researchers Say," *The New York Times*, March 30, 1992).

In light of public anxiety over expenditures for low-income individuals and families, some researchers have published data to offset the

idea that the poor receive a larger share of public benefits than do those in middle- and upper-income brackets. For example, middle- and upper-income individuals are the primary beneficiaries of programs like Social Security and Medicare and of the system of federal tax breaks. Taking these programs into account, the average high-income household receives more in government benefits than does the average low-income household. (Neil Howe and Phillip Langman, "The Next New Deal," *The Atlantic Monthly*, April 1992.)

There have been work requirements for some people receiving AFDC since the 1960s. The Family Support Act of 1988 – the most recent welfare reform law at the federal level – requires states to enroll some of their welfare recipients in education or work programs (20% by 1995), and offers matching funds to the states for doing so. Many of these programs have just begun to be implemented. Some states are considering or have legislated additional conditions for welfare recipients. For example, some would cut benefits if a parent failed to keep children in school or if a young parent failed to live with guardians. Some would deny additional benefits for additional children. Some would allow women to keep some of their benefits even if they married. (Jason DeParle, "California Plan to Cut Welfare May Prompt Others to Follow," *The New York Times*, December 18, 1992, p. A1.)

As a framework for discussion, the following material offers four different approaches to reforming the welfare system. The material explains each of the approaches in turn, using the voice of a supporter of that approach. Each is accompanied by arguments that some supporters and some critics might give. As you read the approaches and go on to discuss them, we encourage you to think about the values and beliefs that underlie each one and then to consider your own approach in light of others' ideas.

Four Approaches to Welfare Reform

Approach 1 – Cut welfare for the able: the welfare system is expensive and does not work. The majority of society's assistance to the poor should come from private charities. Government assistance to those who are able to work only perpetuates a cycle of dependency.

Government should not be in the business of caring for the able poor or of trying to reform them, because there isn't much that government can do: it's up to the energy and initiative of the individual. We should eliminate any long-term, state-supplied benefits for anyone who is able to work. Even though some in our society recommend tying benefits to changes in recipients' behavior, government should not waste money and bureaucratic effort in making sure that recipients meet behavioral and social conditions.

The purpose of government is to protect our freedom to attain life, liberty, and the pursuit of happiness, not to provide those things. When the government gets into the business of actually providing for people, not only does it take large sums of money from the private sector, but the end results are muddled by inefficiency, waste, and complicated regulations. Of course, the government *should* help

to provide for those who cannot work, but able-bodied people should never come to expect that they will receive something without having to work for it.

Public assistance for the able poor is unfair to everyone: it is unfair to the taxpayer who is giving up hard-earned money, and it encourages a cycle of dependency in those who receive it. As the welfare system currently stands, receiving public assistance is often more attractive than starting at the lowest rung of the employment ladder; this situation creates a disincentive for recipients to take responsibility for their own lives. Adopting a hands-off approach is the only thing the government can and should do to change the current system; there will always be people who are not willing to work, no matter what the government does. Without a government crutch, able-bodied people will have to find ways to make it on their own.

Some supporters say . . .

- In the long run, the poor will be better served by a system that forces those who can work to become self-supporting. Some call this "tough love," because in the long run it is the most caring approach.
- Bureaucracies are seldom the best way to handle any social problem, and assistance for the poor is no exception. Private charities will do a better job of providing food and money, and they will better reflect the values of the communities where they are located.
- This approach will prevent taxpayer resentment toward the poor, and taxpayers will be more likely to contribute to private charities.
- This position takes a realistic view of human nature: there will always be people who will take what they can get away with. When people aren't allowed to receive benefits, they will take responsibility for their lives.
- Limiting public assistance to the poor would free up public funds that could be used to cut the deficit or pay for worthy programs.

- Government can't help people out of poverty; whatever the extent of government programs, the percentage of those below the poverty line stays remarkably the same. Only a strong economy and their own hard work will help the poor.

- One of the greatest problems with public assistance is its faceless, bureaucratic nature. Since public giving is mandated, the giving and receiving relationship loses its therapeutic benefit. Recipients come to regard the aid as a "right" that comes from a faceless state bureaucracy rather than something that the hard work of others has provided.

*Some
critics
say . . .*

- This approach is too simplistic: it assumes that there is an adequate number of subsistence-level jobs in our economy and that people are trained to take them. In reality, there are never enough jobs for full employment, even in boom times, and those who are unemployed are often those who have had fewer educational opportunities.

- It is inhumane to expect people to "sink or swim," because without benefits some people will indeed sink.

- Private charities will not be able to care for everyone; they are already strained to their limits. Though taxpayers may be willing to give a little more to private charities as a result of this approach, it won't be enough to make up for what would be lost in public assistance.

- The means of survival are not something that some "deserve" while others do not. We have an obligation to help those who are in need; even the able-bodied who do not work have a right to minimal subsistence.

- We take for granted that government provides benefits to many who can take care of themselves. For example, by funding state universities we subsidize education, instead of expecting that only those who can afford private universities should go to school, because we think of education as an investment in our future. Isn't providing life's bare necessities for the poor among us an important investment in our future?

- Even though it may be true that government is inefficient and often impersonal, only government can be held accountable for treating people equally. If we relied on the private sector to assist the poor, there would be no laws that required that all of the poor receive assistance, regardless of race, gender, looks, or any other basis upon which people unfairly discriminate.

Approach 2 – Use welfare as a tool to require recipients to become more responsible. We should provide short-term public assistance to the poor and make that assistance contingent upon work and other socially responsible behaviors.

The main problem with the welfare system as it is currently run in most states is that it is too permissive. Many states do not mandate work or job training for all who receive benefits; even parents of young children should be required to either work or participate in job training. Providing benefits without expecting work in return sends the message that poor people are victims who are incapable of helping themselves.

The only way to bring on the individual change that will end the cycle of dependency is for government to make welfare more demanding and to keep it short-term. There has been too much emphasis on society's obligations to the poor and not enough emphasis on the obligations of welfare recipients to society. In the current system there is no incentive for welfare recipients to change the irresponsible behaviors that probably contributed to their poverty in the first place. Though it is inhumane to cut benefits so that people are forced to "sink or swim," government should use the leverage of benefits to encourage recipients to

develop the habits and skills that will enable them to break out of poverty. While private charities have some role to play in providing benefits for those in need, only government has the ability and resources to bring about needed changes in individuals.

In addition, the system should make receipt of benefits conditional upon other responsible behaviors. Some examples of conditions that state governments have placed on AFDC recipients include: staying in school, making sure that children attend school regularly, attending parent-teacher conferences, or for young single mothers the requirement to live with guardians. Some states have legislated that benefits will not increase with additional children. Even though not everyone who supports this approach would find all of the proposed conditions desirable or even acceptable, all supporters believe that it is fair to make demands on recipients in exchange for the benefits they receive. Also, it is the only way to ensure that the welfare system is not self-perpetuating.

Some supporters say . . .

- This approach is consistent with the long-held but eroding American belief that rights and responsibilities must go hand in hand.
- Since this approach does not allow those who are able to work to receive benefits indefinitely, it would alleviate the main source of taxpayer resentment.
- This approach acknowledges that some people in society have not had equal opportunities to ready themselves for a place in the work force. But, if they receive aid, they should be required to prepare themselves for the work force.
- Society has the right to set standards for private behavior when it is footing the bill for the consequences of some citizens' irresponsibility.
- Many of the poor who receive benefits were often treated as incapable of helping themselves; their families and schools put few demands on them, and sent them the message that they were helpless. This approach will demand that they learn how to take responsibility.

Welfare Reform

*Some
critics
say . . .*

- This approach requires a paternalistic, intrusive role for government that most Americans do not want.
- Any requirements – whether work requirements, job training, or behavior codes – that must be administered by government bureaucracy will be much too costly for what might be gained.
- Welfare programs that require job training do not work for people who suffer from the greatest disadvantages.
- The opportunities are there now, if people would take advantage of them; some people will never take advantage of opportunities, no matter what government does.
- This approach underestimates the strength of social norms and life experiences by assuming that only economic incentives will induce people to take responsibility for their own lives.
- Most poor people desperately want jobs that would pay well enough to bring them out of poverty, but the jobs aren't there. This approach underestimates the significance of inequalities in education, job training, and job advancement that result in a failure to acquire subsistence-level jobs.
- Current welfare programs already create a social stigma for people who receive benefits. Imposing more stringent conditions would only worsen this demeaning aspect of the welfare system and lead to increased feelings of inadequacy.
- This approach is punitive in spirit. In no other government entitlement program do we subject recipients to such invasive scrutiny of their personal lives.

Approach 3 – Increase welfare benefits and expand services to give the system a chance to work. We should provide public assistance to the poor that is adequate for ensuring they have a chance to succeed.

The problem with the current welfare system is its stinginess, not its permissiveness. The welfare system is based on the right idea – providing cash assistance to impoverished families – but it doesn't provide enough. In most states, AFDC benefits combined with food stamps are still inadequate to bring a family above the poverty line. To demand work or job training in return for benefits is incapable of helping families to become self-supporting if the benefits are low and if we don't provide support services. Without transportation and child care, in particular, even "mandatory" job training will not succeed in helping people. Instead, it will eliminate people from the welfare rolls who cannot attend the training. Even though to increase welfare benefits and expand services will be costly in the short run, it will save money for society in the long run because recipients will have a better chance of becoming self-supporting.

A willingness to allocate more public dollars for cash assistance and services for the poor will come from a realization that poverty in our

society has consequences for all of us. Further, the existence of poverty is primarily due to societal problems. Even though there is a small percentage of people who would not work even if there were opportunities, for the most part people are poor because they can't get work that pays enough. Either they lack the training and education necessary for the subsistence-level jobs that are available, or they lack the means (money, child care, transportation) to get the training they need. Men and women, black and white, and all ethnic minorities are represented in the poor – but one of the legacies of discrimination on the basis of color and gender is that women, blacks, and ethnic minorities are disproportionately represented.

This approach would not create or reward laziness. Most poor people would much prefer to work rather than to receive public assistance. Guarantees of adequate welfare benefits and of adequate support services will encourage work, because there will be a connection between hard work and possible advancement.

Some supporters say . . .

- Everyone in society has a right to the minimal requirements of life. Even though rights and responsibilities should go hand in hand, a person's failure to meet responsibilities, for whatever reason, is not a sufficient cause for denying the means of survival.
- This approach would take away the stigma of welfare because it assumes that recipients prefer to work and truly enables them to do so. Taking this approach will help us treat the poor with dignity.
- Even though some might think that this approach would give disproportionate benefits to the poor, in fact this would merely even out the federal benefit system. As federal benefits now stand, wealthy and middle-income families collect more in government benefits than do poor households.
- Most impoverished people have come from backgrounds that lack in opportunity. For example, many of the poor attended overcrowded, impoverished schools. Society has additional responsibilities to these people in light of its earlier failures to them.

Welfare Reform

- Even though this approach would end up giving benefits to those who are willing to take advantage of the system, their numbers would be so small that it would not be worth the effort and the cost to keep tabs on whether recipients were living up to some set of conditions.

Some critics say . . .

- It is fair that government provides more benefits to upper- and middle-income families than to low-income families, because upper- and middle-income families have paid more into the system.

- Society is at the limit of the amount of assistance it will target for the poor because so many of the poor aren't trying to help themselves.

- Providing additional benefits and additional services for the poor would be far too costly, especially at this time.

- Since society is already at the limit of what it is willing to pay in taxes to assist the poor, this approach is politically unfeasible.

- The generous benefits proposed in this approach would make people overly reliant on the government, and would feed into a cycle of dependency.

- Even with more job training programs, there aren't enough subsistence-level jobs available, especially in areas in which the poverty rate is high.

- Unless there were a way for separating the deserving from the undeserving poor, this approach would not be fair. This would give benefits to those who would never intend to leave the system, who would consider benefits their "right."

Approach 4 – Replace the current welfare program with a universal social welfare system. Our public assistance to the poor should be part of a larger social welfare system for all Americans. We should replace welfare programs that are targeted for the poor with a comprehensive income maintenance program and social services that will benefit everyone.

We are an affluent nation, and it is lamentable that we have such serious social problems: there is great poverty in our midst, and many low- and middle-income Americans struggle with acquiring basic services such as adequate health care and good child care. As a nation we need to make quality of life a top priority and guarantee a decent life for everyone. The poor will benefit from this approach, as will everyone in society.

First, we cannot guarantee a decent life for all if some are in poverty. The current welfare program provides benefits that are frequently insufficient to bring recipients to subsistence-level income. We should establish a comprehensive income maintenance program that guarantees a subsistence-level income for everyone. Then, since money alone does not ensure quality of life, we should guarantee services that are vital to all Americans: job creation programs, assistance with child care,

child support assurance for those who are the sole custodians of their children, and universal health care.

Paradoxically, even though the poor do not have an adequate safety net, in some cases it is better than the safety net for the near-poor and middle-income people in our society. For example, some welfare recipients are actually better off without a job, since taking a low-paying job would nudge them just above the poverty line and cause them to lose publicly provided health care. For a middle-income person struggling to pay for private health care, it is understandable that contributing through taxes for health care coverage for the poor creates resentment. The solution is not to take away from the poor, but to ensure basic services for all citizens. This would eliminate the need for competition among the classes; it would also encourage a sense of national purpose and community, and encourage responsibility to one another.

Some supporters say . . .

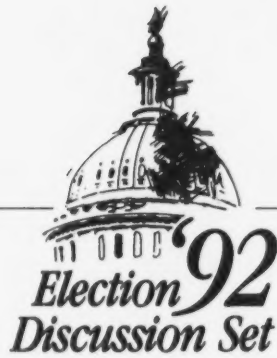
- We would all be better off if everyone had access to good, affordable health care and if every child in day care were provided with a healthy environment. To give assistance only to the definable poor is a mistake.
- Other industrialized nations that have adopted universal social programs have successfully and simultaneously addressed social problems and the problem of poverty.
- The current welfare system is demeaning because it gives the impression that the poor are the only recipients of government largesse. In fact, middle- and upper-income families receive more in government benefits than do low-income families.
- Adequate and affordable health care for all, day care, and job retraining programs will assure that all will be able to adequately support themselves. This is key to much of what we value, such as economic productivity and a high quality of life.
- The Social Security system is an example of a program that benefits many people across many income groupings, including the poor. Because it benefits all, it is widely supported.

Welfare Reform

- This will work because it offers real incentives for hard work, rather than threats (such as withdrawing already inadequate benefits) for failing to work or for failing to live up to other conditions.
- Taxpayers will be more willing to pay for social programs when it is evident that the programs are serving everyone.

*Some
critics
say . . .*

- There is a distinction between welfare targeted for the poor and so-called "gilded welfare" (welfare spending for middle- and upper-income people, in the form of Social Security, Medicare, etc.) that this approach glosses over — those who work contribute to the system and therefore deserve to benefit from it. The main resentment comes from having to contribute to public assistance for the poor who are able-bodied but do not work.
- This would be very costly at a time when we are very concerned about the federal budget deficit and a faltering economy.
- Government programs like Social Security may have been successful at eradicating poverty among the elderly, but we have had to borrow large sums to keep these programs solvent. We don't want to repeat this on an even larger scale.
- The main cause of poverty is lack of individual initiative, not lack of opportunity. This costly approach does nothing to address the lack of initiative, so the number of poor people will remain about the same.
- The welfare system teaches people to stay dependent because it doesn't require enough of them; this approach would only worsen that problem.
- This approach gives far too large a role to government, larger than most Americans are willing to support.



The Role of the United States in a Changing World

*"Never doubt that a small group of thoughtful, committed citizens can change the world.
Indeed, it is the only thing that ever has."*

Margaret Mead

The Role of the United States in a Changing World is based on "Futures" developed by the Choices for the 21st Century Education Project of the Center for Foreign Policy Development at Brown University. The Choices project has given the Study Circles Resource Center explicit permission to include the program in this Election Year Discussion Set.

For more information about a high school curriculum version of *The Role of the United States in a Changing World* and its companion programs, contact The Choices for the 21st Century Education Project, Center for Foreign Policy Development, Box 1948, Brown University, Providence, RI 02912, (401) 863-3155.

This material is also being expanded into a college text which will be available from the Dushkin Publishing Group in the fall of 1992.

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THE ROLE OF THE UNITED STATES IN A CHANGING WORLD

Alternatives for Public Debate and Policy Development

Four Futures: A Framework for Discussion

Today, the United States finds itself in a world that has fundamentally changed. Our long and intense Cold War rivalry with the Soviet Union has ended. The collapse of the Soviet Union in December 1991 and the emergence of newly independent states marks a watershed in history. In the past few months, leaders of these new states have moved quickly to begin to adopt many features of our own country's political and economic system. As the only remaining superpower, the United States has taken the lead in promoting greater cooperation among nations. Our country headed an international coalition that defeated Iraq's forces in the Persian Gulf. In the fall of 1991, the United States organized a conference that brought together for the first time all of the parties at the center of the Israeli-Arab conflict. Recent events have left Americans more self-confident and assertive in world affairs than they have been in decades. At the same time, however, human rights abuses, poverty, pollution, and civil war plague many people across the globe. At home, we are experiencing a nagging recession, a serious national budget crisis, and other pressing domestic problems.

We have lost the ideological compass that the Cold War provided to help us determine how we should deal with the countries of the world. To replace it, some politicians now talk vaguely of a "new world order," while others see the United States as a "global policeman," and still others want our attention focused on problems at home. As a new era in world history begins, we are uncertain where to head.

To gain a sense of our new role in this changed world, we must look deeply into the shared values that bind us together and define us as Americans. We must reconsider who we are as a nation.

This is not a simple project. In the past 100 years, Americans have often disagreed about the main problems that faced our nation, and the proper response. From Baghdad to Bucharest, from the Berlin Wall to Tiananmen Square, we have, over time, drawn different and sometimes conflicting lessons from our experiences in the world.

In order to bring this subject into clearer focus, the Choices for the 21st Century Education Project, drawing on the Center for Foreign Policy Development's work on global issues, has produced the following framework of four alternative images of the United States in the year 2002. In each of these Futures, Americans have reached very different conclusions about the nature of global affairs, the threats facing our country, and the role the United States should play in the world.

As you read through the Futures, bear in mind that they are not predictions for the year 2002. Nor are they the only possible set of goals the United States can work toward. Rather, they were designed to raise fundamental issues concerning our country's future, issues that form the basis of our national debate. Together the four Futures show a broad range of possible directions in which the United States could head over the next ten years.

As you consider these Futures, try them on. You will find that each has its own risks and tradeoffs, advantages and disadvantages. As you read, think about whether each Future addresses your own concerns. You may discover that you like more than one of these Futures, or none at all. You may want to develop your own Future, a Future Five, that addresses what you think are the most important issues facing our nation today. By clarifying your views in discussion with your fellow citizens, you will be doing your part in helping our country decide its course in the years ahead.

THE FUTURES AT A GLANCE

FUTURE ONE: Standing Up for Human Rights and Democracy

It is the year 2002. In the past ten years, Americans came to realize that as the home of freedom and democracy, the United States has a special role to play in the world. Over the past ten years, the United States followed a principled foreign policy. We militarily, economically, and politically supported the governments of the world that had both a good human rights record and the support of their people, and we opposed those that didn't. We especially supported the poor nations around the world that were taking their first steps toward democracy. At times, we may have had to use military force to stop tyrannical governments from killing their own people. Now that these tyrants know that we mean business, they are causing much less trouble. In 2002, the era of the dictator is ending, and the world is becoming a safer and more humane place for all peoples.

FUTURE TWO: Charting a Stable Course

It is the year 2002. In the past ten years, Americans came to understand that as the world's superpower, the United States is looked upon by the nations of the world as an important source of stability and security. Over the past ten years, the United States carefully maintained strong political, economic, and military alliances that have made our competitive world a more stable place. This has helped prevent aggressive countries from threatening peace-loving nations and the international economy. As a result, we remain the world's superpower, and we are richer from doing business with our many allies. We sometimes had to support stable but undemocratic governments, and may even have sent some of our troops to fight again, but this was a small price to pay for keeping the aggressive governments of the world in check. In 2002, we are making the United States more powerful and the world more secure.

FUTURE THREE: Cooperating Globally

It is the year 2002. In the past ten years, Americans came to understand that they live in an interdependent and interconnected world. Over the past ten years, the United States addressed problems around the world not on its own but in cooperation with many other nations. Instead of trying to police the world ourselves, we do not use military force outside of North America unless most of our close allies and other leading nations support us in advance. We granted more responsibility to international organizations to keep the peace. Since wars and ecological destruction are often caused by economic desperation, we are now spending much more money to help the poor countries of the world get on their feet. This has been hard work, but it will make us all more secure and prosperous in the long run. In 2002, we are working together to address the common threats that concern us all.

FUTURE FOUR: Building Our Economic Strength

It is the year 2002. In the past ten years, Americans came to realize that having the world's strongest economy is far more important than having our troops spread across the world. Over the past ten years, the United States gradually brought its troops home and cut its military spending by about three-quarters. We used the hundreds of billions of dollars saved to strengthen our economy, reduce our dependence on foreign oil, and address other pressing national problems. We are still capable of defending North America, and we maintain a small force to strike quickly when Americans abroad are seriously threatened, but we are no longer a military giant. Today, our economic strength is our best weapon. In 2002, the United States is rapidly growing stronger.

Standing Up for Human Rights and Democracy

It is the year 2002. In the past ten years, Americans came to realize that as the home of freedom and democracy, the United States has a special role to play in the world. The end of the Cold War, followed by the U.S. victory in the Gulf War, left it clear that the United States had the most powerful military on earth. We sadly realized, however, that although we had liberated Kuwait, Iraq and other countries remained in the hands of cruel and undemocratic leaders who terrorized their own people. We knew that we had to struggle until the world's bullies were stopped and all governments respected human rights and the will of their own people. Knowing that the oppressed people of the world were counting on us, we decided to act boldly.

Over the past ten years, we followed a principled foreign policy. We militarily, economically, and politically supported the governments of the world that had both a good human rights record and the support of their people, and opposed those that didn't. We especially supported the nations around the world that were taking their first steps toward democracy. At times, we may have had to use military force to stop tyrannical governments of this world from killing their own people. Now that these tyrants know that we mean business, they are causing much less trouble. In 2002, the world is becoming a safer and more humane place for all peoples. The era of the dictator is ending.

What do we have to do?

- We will support only governments that treat all their citizens properly and that are democratically elected or at least that clearly have the support of their people. We will make it clear to known trouble-makers, such as Iraq, Iran, Syria, North Korea, and Cuba, that the United States will no longer tolerate their cruel and aggressive ways. We will pressure China to allow its own citizens more freedom and to liberate Tibet. We will pressure the Soviet Union to release control of its independence-seeking republics, and to become more tolerant and democratic. We will pressure Great Britain, Israel, Saudi Arabia, the Philippines, Turkey, Indonesia, and other long-time allies to improve their human rights record as well. We will encourage all countries to join us in this approach.

- Militarily, we will break our alliances with undemocratic governments or those with poor human rights records. This may mean moving our military bases from countries like Saudi Arabia or Turkey. We will stop giving or selling arms to such governments, and instead, we will supply arms only to our democratic allies that are threatened by hostile governments. We may use military force, if necessary, to prevent other countries from building nuclear, biological or chemical weapons, from supporting terrorism, or from killing their own people. We will keep our troops deployed around the world, and will use them to prevent aggressive countries from taking

over their weaker democratic neighbors, though we will not use our forces to stop all conflicts (such as small border disputes) between nations.

- Economically, we will use boycotts and sanctions against countries that support terrorism, have poor human rights records, or that try to acquire dangerous weapons. We will consider arming and aiding rebel groups trying to make their land more free and democratic. We will give economic aid to the poor nations of Eastern Europe and the developing world that are democracies and that respect human rights. We will use the promise of better economic trade and aid to encourage more countries around the world to give democracy a chance, and to respect human rights.

Costs: This Future may be expensive. We may have to raise taxes, cut domestic spending, or borrow money from other countries to fund these military and economic policies. We may lose some important trading partners among undemocratic developing nations, such as Saudi Arabia and China, should we decide to stop selling them weapons or buying their products. If Western Europe and Japan join us, our costs will be reduced. In the long run, as the most dangerous governments fall from power and are replaced by humane and peace-loving ones, we may gradually reduce our military spending.

Future 1 is based on these beliefs:

- The United States is respected throughout the world as the leader of freedom, justice, and democracy. As Americans, we have a special responsibility to promote democracy and respect for human rights around the world.
- We must oppose tyrannical governments everywhere. They are the main human cause of suffering in the world. Left unopposed, these governments oppress their people and may even start dangerous wars. To support them or turn a blind eye to their atrocities is dangerous and immoral. We must stop them now.
- We have the most powerful military in history and should not be afraid to use it to make the world a better place. As long as we remain militarily on our guard, we may expect fewer and fewer problems from the world's trouble-makers, and we may take bolder steps than ever before to promote democracy and respect for human rights.

Critics say:

1. The governments of the world may oppose the United States for taking this approach. They will say that we have no right to pressure other governments to act in a way that we consider just. Many will think that the United States is trying to take control of other countries.
2. In this Future, we risk losing some of our most valuable allies, such as Saudi Arabia. We also run the risk that the Soviet Union or China may oppose us. By encouraging "good" governments to oppose "bad" ones, we may cause the world to split into two opposing sides, as in the Cold War. All of this may make the world dangerously unstable for the United States.
3. By harming our relations with undemocratic governments upon whose oil or other materials we depend, we may seriously damage our economy. We may refuse to trade with certain countries on moral grounds, but if other countries still do business with them, keeping them economically healthy, only we will suffer for it.
4. Some societies in developing countries may not desire democracy and more freedom. For example, we may want Islamic governments in the Middle East to give their citizens the same freedoms that we have, but most of their citizens believe in their traditional way of life and may not want their society to have such freedoms.

Supporters say:

1. As we rid the world of oppressive governments, this plan may require us to send some of our troops into battle again. But since democracies are much less likely to start wars than dictatorships, we will actually be making the world a more peaceful place in the long run.
2. Most people around the world will support the United States in this Future. The liberation of Eastern Europe shows that freedom and respect for other fundamental human rights are universal values, opposed only by tyrants. If the citizens of countries whose governments we oppose do not openly support us, it is only because they are afraid of what their government may do to them.
3. Stopping the world's bullies may be expensive, but if we wait until they become so powerful that we must confront them, as we dealt with Hitler in World War II, the cost may be enormous.
4. After we help the oppressed peoples around the world throw out their corrupt leaders, the grateful new governments will want to improve economic ties with the United States. And as these new democracies take root and their economies grow strong, their citizens will have more money to purchase our products.

Charting a Stable Course

It is the year 2002. In the past ten years, Americans came to understand that as the world's superpower, the United States is looked upon by the nations of the world as an important source of stability and security. As we entered the 1990s, we saw that the world had grown dangerously unstable. It was only a matter of time before Iraq, a poor nation with an enormous army, invaded its oil-rich but militarily weak neighbor Kuwait, and appeared ready to strike at Saudi Arabia. With Iraq threatening the world's oil supplies and the international economy, we had no choice but to use our troops to protect our economic interests and the stability of the world. After the war, we realized that conflicts such as this would never have happened had we better used our influence as a superpower to make regions such as the Middle East more balanced and stable. Knowing that we had to do something to keep other Saddam Husseins in check and to make sure nothing else upset the military balance or threatened the world economy, we took action.

Over the past ten years, the United States carefully maintained strong political, economic, and military alliances that have made our competitive world a more stable place. As a result, we remain the world's superpower, and we are richer from doing business with our many allies. We sometimes had to support stable but undemocratic governments, and may even have sent some of our troops to fight again, but this was a small price to pay for making the United States more powerful and the world more secure.

What do we have to do?

- We will continue to ally ourselves with Western Europe and Japan. We will strengthen our valuable alliances with stable developing countries, even though many, such as Saudi Arabia, are undemocratic. We will consider becoming allies with less stable but influential countries in troubled areas of the world, such as Syria in the Middle East. Our influence may make the regions more stable by making these countries feel better protected, or by pressuring them not to start wars, support terrorism, or build nuclear, biological, or chemical weapons of their own.
 - Militarily, we will promise to defend militarily weak countries, like Kuwait, which we and other industrial nations depend on for oil and a variety of important materials. We will encourage arms control agreements and peace settlements to reduce the threat of a major war in the Middle East and in other troubled areas. If the countries involved can't reach an agreement, we will give or sell arms to our allies to keep aggressive, anti-American nations such as Iraq, Iran, or Cuba, in check. We will be prepared, if necessary, to use our own troops to prevent such countries from making the world more unstable. As a result, our military will have to remain deployed around the world.
 - Economically, we will do more business with the Soviet Union and China and not pressure them to reform their governments as long as they agree not to cause trouble outside their borders or oppose our policies. We will increase our trade with and give more aid to stable governments in Eastern Europe and the developing world that welcome U.S. businesses, even if those governments are undemocratic or have poor human rights records. We will arm and aid rebel groups trying to overthrow their government or declare their homeland's independence from another country if we think it likely that the revolution will make the whole region more stable and that the new government will be pro-American.
- Costs:** We will have to maintain the world's strongest military in order to remain the world's superpower, so we may need to keep our defense spending high. If the nations of the world agree to reduce their numbers of weapons and troops, we may spend less.

Future 2 is based on these beliefs:

- The United States and the whole world benefit from stability. As the crisis in the Persian Gulf showed, instability encourages aggressive nations to act up, threatens the world economy, and can plunge the world into war. Any attempt to fundamentally "change the world" will actually make the world dangerously unstable and worse off.
- Other nations depend on the United States, the world's strongest military power and one of the oldest functioning democracies, to be a source of stability and security in a rough and competitive world. More than any other country, we can maintain alliances that will keep power-hungry nations in check and make unstable countries or regions more stable.
- We must be practical, and continue to be friendly with stable but undemocratic governments, such as Saudi Arabia and China, in order to make the world more secure. In the long run, our ideals will take root in these countries, as they eventually did in Eastern Europe.

Critics say:

1. We have tried such policies in the past and they can fail. If we and other nations hadn't armed Iraq in the 1980s to keep its neighbor, Iran, in check, we wouldn't have had to fight the Gulf War later to keep Iraq in check. As World War I showed, even the most carefully arranged balances of power can eventually collapse.
2. Arranging alliances around the world was important back when we were fighting communism. But today there are no countries that seriously threaten the United States. There is no longer a need to do this.
3. Keeping our alliances with undemocratic governments and cruel dictators is immoral, and preserves the unacceptable current situation. It sets back the cause of human rights and the worldwide movement toward democracy.
4. Many people around the world will resent the United States for trying to remain the world's superpower. They will say that now that the Cold War is over, there is no reason for a country with only 5% of the world's population to remain so powerful.

Supporters say:

1. These policies will keep the United States economically powerful. By maintaining trade ties with all our stable allies among the nations of the developing world, we will secure continued access to the oil, metals, lumber, foods, and other materials that we require for our manufacturing and high living standard. In addition, doing more business with the Soviet Union and China will open up massive new markets for our products.
2. The best way to improve the quality of life for all the people of the world is through stability. Opposing the world's many undemocratic governments may sound moral, but it may make the world dangerously unstable and result in more wars, destruction, and human suffering than if we do nothing.
3. This Future accepts the world as it is. We may want to promote our democratic ideals, but most governments of the world are too self-interested to accept any kind of "new world order." The best compromise we can make is to work out alliances that make the United States prosperous and the world more secure.
4. Managing alliances against the spread of communism helped make the United States a superpower during the Cold War. Managing a set of alliances to make the world more stable will help keep us on top.

Cooperating Globally

It is the year 2002. In the past ten years, Americans came to understand that they live in an interdependent and interconnected world. A crisis in the Persian Gulf can lead to economic problems for the United States. Our economic problems can lead to economic problems in Brazil. Economic problems in Brazil can lead to more destruction of its tropical rain forests as poor farmers clear more land for crops, which in turn creates environmental problems for the whole world. We realized that the only way to solve the many problems facing our world was for all nations to cooperate.

Over the past ten years, we addressed problems around the world not on our own but in cooperation with many other nations. Instead of trying to police the world ourselves, we do not use military force outside of North America unless most of our close allies and other leading nations support us in advance. We granted more responsibility to the United Nations and other international organizations to keep the peace. As wars around the world have often shown us, the major cause of conflict is poverty, so we are now spending much more money to help the poor countries of Eastern Europe, the Soviet Union, and the developing world get on their feet. This has been hard work, but improving economic conditions in these nations will make us all more secure and prosperous in the end. In 2002, we are finally working together to address the common threats that concern us all.

What do we have to do?

- We will consult with other nations as we determine what our foreign policy should be. Whenever possible we will act not on our own but as part of a coordinated international effort, with the goal to make the world more secure and prosperous. We will support international boycotts and embargoes against countries that break international law, try to acquire nuclear, biological, or chemical weapons, or that refuse to respect the rights of other nations.

- Militarily, we will not send our troops to fight outside of North America unless the fifteen-nation United Nations Security Council decides that we should. (As permanent members on the Council, the United States, Great Britain, France, the Soviet Union and China must all approve.) We will work to establish a permanent U.N. military force ready to support the decisions of the Council with force whenever we and enough other Council nations feel this is necessary. No more than 20% of this international force will be composed of U.S. troops. At the same time, we will gradually reduce our number of troops around the world, with the goal of eventually having no independent U.S. forces outside of North America. We will help send specially trained international troops to troubled areas, such as South Africa and Lebanon, to keep the peace and encourage negotiations. We will not give or sell arms to foreign countries or rebel groups without the U.N. Security Council's approval, and will

encourage all nations to agree to reduce their weapons and to resolve their conflicts peacefully.

- Economically, we will lead a major international cooperative effort to find ways to improve the terrible economic and environmental situation in Eastern Europe, the Soviet Union, and the developing world. We will massively increase our support to the World Bank, the U.N. and other organizations working on this problem, giving tens of billions of dollars more each year than the few billion we give today. We will continue to provide direct economic aid to our allies in the developing world, but will not use this aid as a tool to pressure them. To help strengthen the economies of these countries, we will agree to forgive the hundreds of millions of dollars that many of them owe us.

Costs: As the permanent U.N. rapid-deployment force becomes established, we will no longer need to remain the world's military superpower, and may greatly cut back on our military spending. While some of this money could be put to use at home, most of the money saved will be given to arming and funding our share of the U.N. force, and to international organizations trying to improve the economic situation in Eastern Europe, the Soviet Union, and among the nations of the developing world.

Future 3 is based on these beliefs:

- We live in an interdependent world. A threat to one country is a threat to all countries. As a result, international organizations such as the U.N. have a responsibility to help address these threats. Neither the United States nor any other country has the right to decide on its own to pressure another country to behave in a certain way.
- Poverty and social injustice either aggravate or are the root causes of most conflicts around the world. Addressing these problems is more effective and less costly than sending our troops around the world to intervene when these conflicts flare up.
- Global problems such as war and poverty must be solved collectively. One country cannot decide alone how to solve these problems. The more countries work together, the better the results will be.

Critics say:

1. By handing over so much of our power to international organizations, we will lose much of the influence we have over other countries. Without our direct pressure on them, some may even turn on us. Countries will take advantage of our cooperative spirit to make themselves stronger at our expense. While we remain passive, some countries may grow more powerful than us.
2. We should not give up our option to use military force outside of North America whenever we choose. The day may come when we want to send our troops to fight but the countries on the Security Council refuse to allow it.
3. Corrupt and cruel governments that sacrifice the needs of their people to increase military spending cause much poverty in the world. Strengthening international organizations in which they have a voice, or spending billions to improve the quality of life in these countries will only make such governments stronger, and eventually cause more suffering.
4. Before we spend billions trying to solve the world's problems, with no guarantee of success, we should address the many difficult problems we face at home.

Supporters say:

1. Giving more power and authority to international organizations does not make us powerless. We are the most influential member in the United Nations and other powerful international organizations, and we will continue to be. Since most nations depend upon us as a major trading partner, they will take our side when our security is threatened.
2. The world is becoming more interdependent, not less. Global problems are posing an ever greater challenge to the nations of the world. These policies allow for this trend, and better prepare us for the next century.
3. The economic assistance we gave Western Europe and Japan after World War II paid for itself many times over by getting these poverty-stricken countries on their feet so they could take care of themselves again. We must do the same for poverty-stricken countries today, before the already terrible economic and environmental problems there worsen, causing refugees to flood into the United States and Western Europe. The longer we wait, the more costly the solution.
4. Cooperating globally is only fair. The earth does not belong to us. Americans comprise only 5% of the world's population, and the United States is but one of more than 165 countries in the world. We have no right to deploy our massive armies or start wars around the world without first seeking international approval.

Building Our Economic Strength

It is the year 2002. In the past ten years, Americans came to realize that having the world's strongest economy is far more important than having our troops spread across the world. After World War II, the great military strength of the United States helped make it a superpower. But by the time the Cold War ended, the world had changed. While we spent billions of dollars a year defending countries, such as Japan and Germany, that could easily afford to defend themselves, those countries were pulling ahead of us economically and becoming more powerful than we were. We found ourselves so bogged down militarily around the world that we couldn't afford to deal with the biggest threats facing us in the 1990s: our weakening economy and lack of economic competitiveness, the national debt, crime, drugs, AIDS, pollution, and homelessness. We knew that if we did not change with the times, we would become a second-rate nation.

Over the past ten years, we gradually brought our troops home and cut our military spending by about three-quarters. We used the hundreds of billions of dollars saved to strengthen our economy, improve our energy self-sufficiency, and address other pressing national problems. We are still capable of defending North America, and we maintain a small force to strike quickly when Americans abroad are seriously threatened, but we are no longer a military giant. Today, our economic strength is our best weapon. In 2002, the United States is rapidly growing stronger.

What do we have to do?

- We will make building our economic strength our nation's first priority. However, we will not isolate ourselves politically or economically from the rest of world. We will continue to use our influence to pressure the governments of the world to act in ways that will both ensure our security and prosperity and make the world more peaceful and prosperous as well.

- Militarily, we will gradually phase out our alliances around the world, except with Canada, Mexico and the Caribbean nations. The United States will make it clear that it will only join other countries militarily when it feels its security is directly threatened. We will redesign our armed forces to defend only the United States, Canada, Mexico and the Caribbean, and will maintain a small number of troops ready to respond around the world when American lives are at stake (for example, during a hostage crisis, or to evacuate Americans from a hostile country). These steps will allow the United States to gradually cut its military budget by about three-quarters.

- Economically, we will redirect the hundreds of

billions of dollars cut from our military budget to strengthen the economy. We may use the money saved to cut taxes, trim our national deficit and debt, invest in education and industry, repair our roads and bridges, and improve technological research in non-military products. We may also spend more money on addressing national problems such as homelessness, drug abuse, crime, pollution, and AIDS, or the problems facing single parents and the elderly. We will push to reduce greatly our dependence on foreign oil. As we scale down our military, we would rely more on foreign aid, boycotts, sanctions, and other non-military pressure as our main tools to make the United States secure. We will improve our trade ties around the world in order to strengthen our economy even more and build our economic influence.

Costs: This Future will allow us to cut our military budget by about three-quarters, which will eventually free up over \$200 billion dollars every year. We will redirect this money toward strengthening our economy and better addressing our domestic problems.

Future 4 is based on these beliefs:

- In the post-Cold War era, economic power is far more important than military power. We should spend much more money, then, on strengthening our economy and much less on our military. We must not let Germany, Japan, or any other country gain an economic edge over us. Building an economically strong country must be our national priority.
- We no longer need a massive army to protect ourselves adequately. We can easily defend North America from attack with far fewer troops than we now have. Our best tool for defending ourselves and changing the world is our economic power.
- The greatest threats facing the United States today are at home: our weak economy, our national debt, our decaying cities, crime, drugs, homelessness, and other long-neglected domestic problems. To remain strong as a nation, we must face them.

Critics say:

1. Withdrawing our military forces will make the world dangerously unstable. Pulling our troops out of Europe, the Middle East, and Asia may upset the military balances there and spark wars as aggressive nations move to fill the vacuum. The nations of the world will lose confidence in the United States, and this would in turn harm our economy.
2. We will be throwing away our option to use massive military force outside of North America to stand up for democracy or protect our economic interests.
3. These policies will probably leave the Soviet Union a country on the brink of civil war and showing no commitment to democracy with the world's largest military. We should not slash our military budget as long as the Soviet Union and China continue to maintain such powerful armed forces.
4. The Gulf War showed us that economic power has its limits, and that military strength is still a deciding factor in shaping the world. If we sharply cut our military spending, we may be unable to defeat the next Saddam Hussein that crosses us.

Supporters say:

1. We are not pulling out of the world altogether, we are only pulling out militarily. As we build our economic strength, we will become more powerful in the world, not less. If the Soviet Union or any other nation wishes to build up its military at the expense of its economy and get its forces tied up around the world, this will only improve our economic position.
2. It's time to reap the fruits of our victories in the Cold War and the Gulf War. Now that there are no major military threats facing us or any of our allies, it's time to beat most of our swords into plowshares. Our allies can now easily afford to defend themselves.
3. Once we build up our economic strength, we will be in a much better position to help address problems in other countries. If all countries follow our example and slash their military budgets, there will be far less war and suffering overall.
4. If we don't address these pressing domestic problems soon, we run the risk that we too will come out losers in the Cold War, with our economy dragging and our cities in decline.

Public Talk Series Programs and Other Resources Available from the Study Circles Resource Center

Publications of the Study Circles Resource Center (SCRC) include the Public Talk Series (PTS); training material for study circle organizers, leaders, and writers; a quarterly newsletter; a clearinghouse list of study circle material developed by a variety of organizations; and a bibliography on study circles and small-group learning. Prices for PTS programs are noted below. (You are welcome to order a single copy of PTS programs and then photocopy as many as necessary for your group.) All other publications are free of charge.

Public Talk Series (PTS) programs

- ___ Special 1992 Election Year Discussion Set - \$5.00 for the set
 - *The Health Care Crisis in America*
 - *Welfare Reform: What Should We Do for Our Nation's Poor?*
 - *Revitalizing America's Economy for the 21st Century*
 - *The Role of the United States in a Changing World*

Domestic Policy discussion programs - \$2.00 each

- ___ 203 - *Revitalizing America's Economy for the 21st Century*
- ___ 401 - *The Health Care Crisis in America*
- ___ 501 - *Homelessness in America: What Should We Do?*
- ___ 302 - *The Right to Die*
- ___ 301 - *The Death Penalty*
- ___ 304 - *Welfare Reform: What Should We Do for Our Nation's Poor?*
- ___ 202 - *American Society and Economic Policy: What Should Our Goals Be?*

Foreign Policy discussion programs - \$2.00 each

- ___ 303 - *Are There Reasonable Grounds for War?*
- ___ 106 - *International Environmental Issues: U.S. Policy Choices **
- ___ 105 - *Facing a Disintegrated Soviet Union **
- ___ 107 - *The Arab-Israeli Conflict: Looking for a Lasting Peace **
- ___ 102 - *America's Role in the Middle East **
- ___ 104 - *The Role of the United States in a Changing World **

* based on material developed by the Choices for the 21st Century Education Project of the Center for Foreign Policy Development at Brown University

Other resources from the Study Circles Resource Center

Pamphlets

- ___ "An Introduction to Study Circles" (20 pages)
- ___ "Guidelines for Organizing and Leading a Study Circle" (32 pages)
- ___ "Guidelines for Developing Study Circle Course Material" (32 pages)

(over)

Resource Briefs (single pages)

- ☐ "What Is a Study Circle?"
- ☐ "Leading a Study Circle"
- ☐ "Organizing a Study Circle"
- ☐ "The Role of the Participant"
- ☐ "Developing Study Circle Course Material"
- ☐ "What Is the Study Circles Resource Center?"
- ☐ "The Study Circles Resource Center Clearinghouse"

Connections (single-page descriptions of programs)

- ☐ Adult Religious Education
- ☐ Youth Programs
- ☐ Study Circle Researchers
- ☐ Unions

Focus on Study Circles (free quarterly newsletter)

- ☐ Sample copy
- ☐ Subscription

Other Resources

- ☐ Clearinghouse list of study circle material
- ☐ Annotated bibliography on study circles, small-group learning, and participatory democracy

Name _____

Organization _____

Address _____

City/State/Zip _____

Phone _____

Send this form, along with payment if you ordered Public Talk Series programs, to:

Study Circles Resource Center
PO Box 203
Pomfret, CT 06258
(203) 928-2616, (203) 928-3713 (FAX)

Large quantities of brochures and this form are available for distribution.



Election '92 Discussion Set

- *The Health Care Crisis in America*
- *Revitalizing America's Economy for the 21st Century*
- *Welfare Reform: What Should We Do For Our Nation's Poor?*
- *The Role of the United States in a Changing World*

Leader's Guide



The Election Year Discussion Set is a program of the Study Circles Resource Center, sponsored by Topsfield Foundation, Inc.

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The Election Year Discussion Set was developed by the Study Circles Resource Center (SCRC). SCRC is funded by Topsfield Foundation, Inc., a private, non-profit, non-partisan foundation dedicated to advancing deliberative democracy and improving the quality of public life in the United States. SCRC carries out this mission by promoting the use of small-group, democratic, highly participatory discussions known as study circles. Please write SCRC, PO Box 203, Pomfret, CT 06258 or call (203) 928-2616 for more information on study circles and the Study Circles Resource Center.

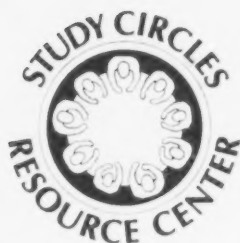
The Election Year Discussion Set includes a bound participant's booklet and this Leader's Guide which offers suggestions for organizing and leading study circles based on this material.

Program Editor: Martha McCoy

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You are welcome to photocopy this material as needed,
or you can order additional Election Year Discussion Sets
from the Study Circles Resource Center for \$5.00 each.

If you would like to develop a study circle program for your organization,
please contact the Study Circles Resource Center for assistance.



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Dear study circle leader,

The Study Circles Resource Center is pleased to provide this Election Year Discussion Set as a tool for thoughtful discussion of some of the most critical issues facing our nation in 1992. By examining in-depth the issues of health care policy, revitalizing the economy, welfare reform, and our nation's role in the world, we hope that your program's participants will be better prepared to cast their votes on November 3.

Study circles offer a process for discussion of critical issues in a setting that is democratic and non-threatening. They are based on the assumption that the citizen is the ultimate authority in our government. To help your group practice democratic deliberation, the discussion programs in this set present critical issues in a non-partisan, fair, and balanced manner. Each lays out the case for three or four policy alternatives spanning a wide range of the political spectrum. Supporting material explains some of the beliefs and values that underlie each alternative. This framework of alternative approaches gives participants the tools they need to understand their own and others' beliefs and to weigh policy choices. When the discussion is effective, individuals come to appreciate that some of the most difficult conflicts are within themselves, since solutions to policy problems reflect inherently difficult tradeoffs.

This Election Year Discussion Set also offers recommendations for how to make your study circle a two-way conversation between citizens and policymakers. By inviting your U.S. congressional representative or a current candidate for the office to a wrap-up session of your study circle, you will have the opportunity to directly express your views and to help candidates reconsider their positions.

Whether you are a novice or well acquainted with the informal, small-group, highly participatory discussions known as study circles, we encourage you to use this Election Year Discussion Set as a tool for helping yourself and people in your community to understand the difficult issues we must all confront if this democracy is to live up to its promise.

Very truly yours,

Paul J. Aicher
Chairman

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Organizing a Study Circle Based on the Election Year Discussion Set

The Election Year Discussion Set was designed specifically for use in the small-group, democratic, highly participatory discussions known as study circles. The information provided in this Leader's Guide and the participant's booklet (you'll need to make copies), along with a comfortable room, a program organizer, a discussion leader, and 5 to 20 participants ready to listen carefully to one another, speak thoughtfully, and think broadly, are all you need for an informal yet intense examination of some of the most important issues facing us in this election year.

If you plan to use the program with a group of people that already meets regularly (an adult religious education class, a group of senior citizens, a book discussion group, etc.) then incorporating this program will be quite simple. If, on the other hand, you plan to bring together a group of people who don't ordinarily meet, there will be more work involved – but we believe the benefits will be well worth the effort.

Below are suggestions for the program organizer; the following sections of this Leader's Guide have suggestions for the discussion leader.

Arrange the program – A series of weekly meetings works best for most study circles. You'll need to decide, though, how many meetings to hold. Do you want to discuss all four issues? In what order? Do you want to spend more than one session on some of them? (The programs on health care and the economy lend themselves to two sessions; the "Questions for Leading" sections in this Leader's Guide have details.)

Arrange a meeting place – One important consideration in choosing a meeting place may be to provide a "neutral space" where participants of all backgrounds and viewpoints will feel comfortable.

Select the discussion leader(s) – The success of your study circle rests largely with the leader. A good leader is one who understands the purpose of a study circle and can help the group achieve it. He or she should be able to encourage participants to freely express their thoughts, to draw out the thinking behind opinions, and to ensure that all viewpoints are fairly considered. A commitment to balance and impartiality is essential. The leader need not be an expert on the issue at hand, but should have some familiarity with it. If you have more than one capable discussion leader in your group, you may decide to divide up the task of leading the discussions; such a division of labor might encourage those who are reluctant to take on the role.

Arrange the wrap-up session – The next two sections of this Leader's Guide have recommendations for inviting a candidate to a final session of your study circle. Having a general plan in place may be a helpful tool for recruiting participants. The first meeting of your study circle would be a good time to elicit group members' ideas on this plan.

Recruit participants – Study circles generally range between 5 and 20 participants. An ideal size is between 9 and 15: fewer people results in a small range of opinion, and in a larger group it is difficult for everyone to have their say and to truly engage in dialogue. Recruiting may be easier if your program is sponsored by or publicized by a church, citizen organization, union, activist group, library, or other organization. Ask the people you contact to recommend friends, family members, neighbors, and co-workers who might also be interested in the program. It is best

if participants can attend all sessions, both for the sake of continuity and for increasing the familiarity and comfort within the group.

Distribute reading material – The Election Year Discussion Set contains a bound booklet of participants' material for you to photocopy. Try to have at least the participants' introductory pages and the reading material for the first meeting's issue in participants' hands about a week before the first meeting, and let them know you expect them to be familiar with the material when they arrive for the discussion.

Share your group's thinking on the issues – In addition to carrying out your group's plans for sharing results of its discussion with policymakers, encourage individuals to write letters to their local papers, to correspond with officials and candidates, to call radio talk shows, and, if they feel strongly about a particular issue or candidate, to become personally involved with an issue or campaign.

Provide feedback for the Study Circles Resource Center – Please do return the follow-up form provided on the back of this program. Feedback from people like you plays an important role in shaping our programs.

Inviting a Public Official or Candidate to Your Study Circle

We hope you'll decide to share the results of your discussions with a public official or candidate for public office at a final session of your study circle. Here we offer suggestions for organizing this session along with a sample letter of invitation.

Rationale

Holding a meeting in which your study circle can question a candidate and discuss the issues with him or her will provide an opportunity to share the results of your discussions. Such a meeting can provide a goal for your group's deliberations and an opportunity for a political impact.

Just as citizens rarely have the opportunity to reflect on the issues of the day in a deliberative, collaborative way, public officials rarely have the opportunity to engage in democratic dialogue with their constituents. Even though elected officials and their challengers are quite busy, they may welcome such an invitation from constituents who have seriously considered the leading national issues from a range of perspectives; many say that they wish they had more opportunities to converse openly with well-informed voters.

This election year is an opportune time to begin or strengthen a relationship with elected officials and to get together to discuss issues and concerns.

Deciding whom to invite

Since the topics of your discussions are national issues, your representative in the U.S. Congress or a challenger for the office would be a logical person to invite. If he or she cannot attend, you might ask if an assistant or staff member could attend. Another possibility is to invite one of your U.S. senators, but a senator may be less likely to be able to attend because he or she usually represents far more people.

Many elected officials on the state or local level are interested in national issues, since national issues have an impact on state and local governments. Therefore, an invitation to one of your representatives in your state legislature, to someone from the governor's office, or to someone in your local government would also be appropriate.

It's probably best to have only one candidate attend your study circle. You don't want the meeting to become a debate between two candidates, since members of your study circle are unlikely to have a chance to express their own views in such a situation.

The invitation process

When you recruit participants for your study circle, you can mention a final meeting with a public official as a possibility. During the first meeting of your study circle, present your ideas about holding a dialogue between a candidate and the group as a final meeting. If the group is in favor, have them decide whom to invite and who in the group will take care of the invitation. It's a good idea to have a list of several invitees in order of preference so that, if your top choice cannot attend, you can ask others right away.

Send a letter to your top choice (a sample letter follows). If you are inviting a member of Congress, you're better off dealing with his or her local office rather than the office in Washington; you may call your congressional representative's office in Washington, D.C. [the Capital switchboard telephone number is (202) 224-3121] to obtain the number and address of the closest office. For information on the Republican or Democratic congressional challenger in your district, you may call the Study Circles Resource Center. Your local newspaper may be able to help you find phone numbers of any third-party or independent candidates.

While most members of Congress have not heard of study circles, they do know about "focus groups" because focus groups are used by pollsters to do qualitative, in-depth research on voters' opinions. In your invitation you might stress that study circles are informal and in-depth, something like focus groups.

Follow your letter with a phone call a few days later. If you can't get a commitment to attend, you're probably better off inviting the next person on your list rather than waiting.

The session itself

The wrap-up session will work best if you keep it straightforward and simple, much like your other sessions. An informal, off-the-record discussion will give everyone a chance to ask good, thoughtful questions and to state his or her own views.

Before opening up the session for questions and comments, the program organizer or discussion leader might give a brief explanation of what a study circle is. The most important points to make are that study circles emphasize participation by all members, that they give a fair hearing to all viewpoints, and that they help participants examine the beliefs and values that underlie their judgments on public policy. You might then ask someone to describe this group's study circle experience. With this introduction, group members and the visiting candidate can proceed to ask questions and share their views.

Sample letter of invitation

The Honorable Jane Smith
Local office address
Anytown, State 00000

Dear Representative Smith,

1st paragraph: essential details, describe your group

I am writing to invite you to attend a special meeting of *[name of group]* or *[our issues discussion group]* on *date, time, and place*. Our group consists of citizens who decided to spend some time discussing critical national issues during this election year. We would like to ask you questions about your views on these issues, and we want to share our views with you.

2nd paragraph: why the invitee should accept

Between now and the date we hope you will attend, our group will be meeting weekly as a "study circle" to discuss health care, the economy, welfare reform, and U.S. foreign policy. We will be reading material provided by the Study Circles Resource Center in Pomfret, CT, that presents a variety of options for U.S. policy in these areas, and will wrestle with our own and each other's ideas. We don't intend to reach consensus, but we do hope to gain from each other's perspectives. We believe you will find the diversity of our views and the depth with which we have considered these issues refreshing and useful.

3rd paragraph: describe meeting in more detail

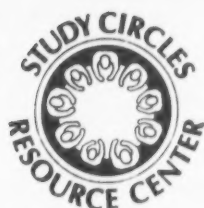
The meeting will be a small and informal affair. Our group numbers ___ people, and we will not be inviting the media or representatives of other organizations. We hope for a low-key, frank discussion about issues that are critical to our nation's future and our society's health. I hope you will agree that this is a valuable way for you to spend an hour or two of your time.

4th paragraph: logistics

I will call your office in a few days to see if you will be able to attend this meeting. If you would like to reach me before then, you can call me at *telephone number*. I look forward to speaking with you or a member of your staff, and hope that you will be able to attend.

Sincerely,

John Doe,
for *name of group*



Leading a Study Circle

The study circle leader is the most important person in determining its success or failure. It is the leader's responsibility to moderate the discussion by asking questions, identifying key points, and managing the group process. While doing all this, the leader must be friendly, understanding, and supportive.

The leader does not need to be an expert. However, thorough familiarity with the reading material and previous reflection about the directions in which the discussion might go will make the leader more effective and more comfortable in this important role.

The most difficult aspects of leading discussion groups include keeping discussion focused, handling aggressive participants, and keeping one's own ego at bay. A background of leading small group discussions or meetings is helpful. The following suggestions and principles of group leadership will be useful even for experienced leaders.

- **"Beginning is half," says an old Chinese proverb.** Set a friendly and relaxed atmosphere from the start. A quick review of the suggestions for participants will help ensure that everyone understands the ground rules for the discussion.

- **Be an active listener.** You will need to truly hear and understand what people say if you are to guide the discussion effectively. Listening carefully will set a good example for participants and will alert you to potential conflicts.

- **Stay neutral and be cautious about expressing your own values.** As the leader, you have considerable power with the group. That power should be used only for the purpose of

furthering the discussion and not for establishing the correctness of a particular viewpoint.

- **Utilize open-ended questions.** Questions such as, "What other possibilities have we not yet considered?" will encourage discussion rather than elicit short, specific answers and are especially helpful for drawing out quiet members of the group.

- **Draw out quiet participants.** Do not allow anyone to sit quietly or to be forgotten by the group. Create an opportunity for each participant to contribute. The more you know about each person in the group, the easier this will be.

- **Don't be afraid of pauses and silences.** People need time to think and reflect. Sometimes silence will help someone build up the courage to make a valuable point. Leaders who tend to be impatient may find it helpful to count silently to 10 after asking a question.

- **Do not allow the group to make you the expert or "answer person."** You should not play the role of final arbiter. Let the participants decide what they believe. Allow group members to correct each other when a mistake is made.

- **Don't always be the one to respond to comments and questions.** Encourage interaction among the group. Participants should be conversing with each other, not just with the leader. Questions or comments that are directed at the leader can often be deflected to another member of the group.

- **Don't allow the group to get hung up on unprovable "facts" or assertions.** Disagreements about basic facts are common for con-

troversial issues. If there is debate over a fact or figure, ask the group if that fact is relevant to the discussion. In some cases, it is best to leave the disagreement unresolved and move on.

- **Do not allow the aggressive, talkative person or faction to dominate.** Doing so is a sure recipe for failure. One of the most difficult aspects of leading a discussion is restraining domineering participants. Don't let people call out and gain control of the floor. If you allow this to happen the aggressive will dominate, you may lose control, and the more polite people will become angry and frustrated.

- **Use conflict productively and don't allow participants to personalize their disagreements.** Do not avoid conflict, but try to keep discussion focused on the point at hand. Since everyone's opinion is important in a study circle, participants should feel safe saying what they really think – even if it's unpopular.

- **Synthesize or summarize the discussion occasionally.** It is helpful to consolidate related ideas to provide a solid base for the discussion to build upon.

- **Ask hard questions.** Don't allow the discussion to simply confirm old assumptions. Avoid following any "line," and encourage participants to re-examine their assumptions. Call attention to points of view that have not been mentioned or seriously considered, whether you agree with them or not.

- **Don't worry about attaining consensus.** It's good for the study circle to have a sense of where participants stand, but it's not necessary to achieve consensus. In some cases a group will be split; there's no need to hammer out agreement.

- **Close the session with a brief question that each participant may respond to in turn.** This will help them review their progress in the meeting and give a sense of closure.

Suggestions for Leading the Election Year Discussion Set

The Election Year Discussion Set was designed with flexibility in mind. Some groups may want to discuss all of the issues, while others may decide to discuss only some of them. If you were to use all of the programs and include a wrap-up session, you would have a five- to seven-session study circle:

- Health care — 1 or 2 sessions
- Revitalizing the economy — 1 or 2 sessions
- Welfare reform — 1 session
- U.S. role in the world — 1 session
- Wrap-up discussion with a public official or candidate — 1 session

Each program presents background information on a public issue and then a range of alternative approaches for dealing with it. The programs are specifically designed to help make sense of complex issues. The leader's role is to help the participants understand the values and beliefs that underlie their ideas, to help them wrestle with the possible consequences and tradeoffs associated with the policy alternatives, and to ensure that all the alternatives are discussed thoughtfully and thoroughly.

Ground rules and philosophy

The success of this program depends on everyone in the group understanding the general goals and philosophy of a study circle. There should be a general agreement that participants have come together to share thoughts, to listen respectfully to one another, and to consider a wide range of viewpoints. The goal is not to attain group consensus, but to deepen each person's understanding of a public issue. The study circle promotes the spirit of open discussion, of "I agree with you, but . . ." or "I disagree with you, because . . ."

The leader's main task throughout all of the sessions is to allow for spontaneity while keeping the group focused. The leader can succeed at this by ensuring that everyone's view is carefully heard and that views that may not be represented within the group receive consideration. Also, he or she should help the group consider the values and beliefs that underlie a particular viewpoint and where a viewpoint might lead when translated into policy. When a group leader is doing a good job, it almost seems as though the group is running itself.

If factual questions come up, don't let the group make you the "answer person." Put any questions of fact into perspective: no factual question is so important that it should be allowed to derail the conversation.

Preparing to lead the discussions

The discussion leader does not need to be an expert on the issue under discussion. The most important requirement is to be conversant with the general problem and the possible policy approaches covered in the discussion program. No extra research is necessary. The following sections provide specific suggestions and questions that you may find useful as you moderate each of the programs. You'll want to consider how the current media coverage and the local impact of each issue will affect the discussion.

If you would like to share additional readings with participants, make sure that you give them the copies of the reading material about a week before that particular session. Articles that demonstrate how an issue connects with peoples' everyday lives will be especially useful.

The first meeting

At the beginning of the first session, you will set the tone for your study circle. Ask the participants to introduce themselves and to say briefly why they have come. Communicate to the group that this is an opportunity to examine their own ideas, share their concerns, and listen to the concerns of others in a relaxed setting. You may wish to say something like this: "My role is to assist in keeping discussion focused and moving along. Your role is to listen carefully, share your ideas and concerns with other participants, and examine your own beliefs."

In addition to these introductions, the first meeting is your opportunity to plan a wrap-up session that includes an elected official or candidate for office. We suggest that you ask participants whether they would like to end the program in this way. Organizational details for such a wrap-up include deciding whom to invite and who in the group will do the necessary letter-writing and telephoning. You can ask those interested in carrying out these details to stay after this first meeting in order to work out plans.

The general layout of each session

For each of the programs, we suggest that you help the participants understand the alternative policy approaches before they begin to debate them. (You will note that the first session of the health care program is organized in a slightly different manner.) You may need to remind participants that all of the approaches need to be on the table before any one is rejected or their relative merits are debated. A good way to ensure that each approach is presented in its best possible light is to ask a volunteer to describe why a thoughtful, reasonable citizen might support the approach.

Once all of the approaches are on the table, participants can openly discuss them and evaluate them in light of their own values and beliefs. This is where you may need to step in to make sure that everyone has a chance to speak and that all viewpoints are given a fair hearing. Questions that draw out pros and cons may help if the discussion is bogging down or if the group is coming to "easy answers." Your questions should assist the members in thinking about the possible consequences, risks, and tradeoffs associated with each of the approaches.

Each of the sessions, though focusing on a different issue, can follow this basic format:

- 1) a discussion of the study circle ground rules (after the first session, a brief recap will do);
- 2) an introduction to the session's topic based on discussion of participants' connections to the issue at hand (1 and 2 together should take about half an hour);
- 3) an explanation, by participants, of each of the alternative policy approaches in its best possible light, to get the alternatives on the table (about half an hour);
- 4) an open discussion of the strengths and weaknesses of the alternatives; and
- 5) a summing-up of the session (4 and 5 together will take the second hour).

In the following pages you'll find suggestions that will help you carry out this basic format for each of the programs.

Questions for Leading The Health Care Crisis in America

If your group is devoting only one session to the health care crisis, we suggest that you use Part I as the basis of your session rather than trying to squeeze both parts into one two-hour session. Even if you use just Part I and do not go on to discuss particular policy proposals, participants can still reflect on what they value in a health care system and work together to think about the difficult tradeoffs that must be addressed by policymakers.

Beginning the discussion

You might begin with one of these questions:

How have your own experiences with the health care system, or the experiences of people you know, affected your ideas about the health care situation in our country?

What do you think are the most serious problems with our health care system?

Which of these problems ought to be our top priority to solve?

Discussing ethical issues

The remainder of the first session should focus on the ethical issues presented in Part I. The purpose is for participants to reflect on what they value in a health care system, hear others' views, and work together to think about the difficult choices our society will have to make.

Guide the discussion along the lines of its presentation in Part I, but don't feel that you must stick with the order in which issues are presented. Let the conversation develop naturally, but help the group continue to focus on the most important issues. Some possible questions for guiding this session are:

Does our society have an obligation to provide health care to all its members? What are the beliefs and values that influence your answer?

If health care is a right, what kind of health care is everyone entitled to? How much health care?

What are the limits of society's responsibility? How should we decide the limits?

The other two issues (the role of government and rationing) will probably come up in the context of your discussion of whether access to health care is a right, but you can raise these key issues by using some of the many questions that are provided in the text. Some of these questions are:

How much power should government have to direct the health care system? What are the arguments for and against a strong role for government in this arena?

How much power should the private sector have in making basic decisions about health care? What are the arguments for and against a strong role for the private sector?

Should employers continue to be the primary insurance providers in our society? What are some of the advantages and disadvantages of this system? Is this setup consistent with the values you consider to be most important?

Should we explicitly limit treatment for some in our society in order to provide basic treatment for all? What are the beliefs and values that influence your answer?

If you think that we should explicitly ration treatment, how should we decide who gets what treatments?

Closing the discussion of ethical issues

Your discussion of ethical issues should conclude with an attempt to discover what participants value most in a health care system. You might ask:

What would you most like to communicate to policymakers about what our health care system should provide?

Many of us value equality, social responsibility, individual responsibility, and freedom of choice. What other values and beliefs have been raised in this discussion? Since no health care system can fully satisfy all of our values, what values do you think are most important to fulfill?

If you will be devoting a second session to the health care crisis, we suggest that you or members of your group research your state's health care system. Part II describes how to do such research. If you already have a good article describing your state's system, you should hand it out at the end of the first session.

Discussing policy issues: An optional second session

We suggest that you divide this session into two parts: (1) a discussion of reform efforts by state governments and (2) a discussion of plans for reform at the national level.

Possible questions for guiding the discussion of state reform efforts include:

How do Hawaii's and Oregon's plans deal with the issues of access and controlling costs?

What are the advantages of each of these plans? the disadvantages?

How does our state deal with the key issues of access and controlling costs?

Are there any lessons from other states that might be applied in our state?

What types of changes do you think should be made in our state's system? Is anyone in this state promoting them? What is the likelihood that those changes will be made?

To introduce ideas for reform at the national level, ask participants to briefly explain the three general approaches. Remind them that they may wish to draw on the newspaper articles that describe the specific proposals.

For each of the approaches, ask: *What does this approach call for?*

For each of the approaches, ask: *What do its supporters hope to achieve?*

A free-wheeling discussion and debate on the three approaches can follow. Some possible questions for guiding this part of the discussion are:

How does this approach attempt to deal with the problem of access?

How does this approach attempt to deal with the problem of controlling costs?

For any one of the approaches ask: *What do you see as the major strengths of this approach? What are the principal drawbacks of this approach?*

For any one of the approaches ask: *What values does this approach emphasize? To what values does this approach give less emphasis?*

What are the most important elements that we should include in any health care reform plan? Remind the group that they might find elements that they like from each approach.

Would it be feasible to combine your favorite elements from several of the approaches? What would your combination achieve? At what monetary cost? At what cost in values?

In closing, ask participants to share whether and how their thinking has changed as a result of the discussion. Encourage them to talk about points where they remain unsure. If discussion were to be continued, what points would they like to consider? What points would they like to communicate to policymakers?

Questions for Leading

Revitalizing America's Economy for the 21st Century

Note that this program focuses on America's productivity and long-term economic strength, and not on what the goals of our economic system should be or on the problems of capitalism. It's possible that some participants will want to raise these issues or to talk about the recession. Whatever their concerns, your discussion will be more fruitful if you help tie their concerns to the issue of our long-term economic strength.

"Part I – The Underlying Problems and Potential Solutions: Four Views" is the centerpiece of this program. "Part II – What Immediate Steps Should We Take to Revitalize the Economy?" helps integrate the current political debate on the economy into these longer-term policy questions. If you are devoting only one session to the economy, we suggest that you concentrate on the four views and their accompanying proposed solutions. If, however, your group wants to devote more time to this issue, the part on immediate steps could provide a framework for a second session. Some groups may want to pursue other questions about the economy by finding their own readings.

Especially on a subject like the economy, non-experts are used to looking to authorities and may be reticent to value their own views. Even though participation in this discussion does require a basic understanding of some economic concepts, achieving the goals of this discussion does not depend on expertise. Be sure you don't let factual questions sidetrack the discussion.

Beginning the discussion

Some possible questions for beginning include:

What do you think are the most serious long-term problems our economy faces?

What are your personal concerns about America's long-term economic strength and productivity?

Understanding the views

For each of the views, ask a participant to describe it in the voice of a possible supporter of that view, even if it is not the view of that participant.

For each view, ask: *What do you think is the strongest evidence that this is what is basically wrong with our economy?*

For each of the views, ask: *What are the values and beliefs that underlie this point of view?*

Discussing the views

At this point in the discussion, ask participants to discuss the four views based upon their actual beliefs and concerns about the economy.

For each of the views, ask: *What do you consider the strongest counter-evidence that this is our basic problem?*

Which of the views do you think is nearest the mark? Why?

Is there a combination of views you prefer as an explanation of what is wrong with our economy?

Do you have any views to add that do not appear here?

As the group thinks about the proposed solutions that go with the views, some of these questions may be helpful:

Which set of solutions seems most helpful?

If you could take the best elements from each set of solutions, what would your long-term economic policy look like?

Given the large federal budget deficit and the budget deficits being experienced by many states and cities, many people feel that we must come to terms with our limits. Given these constraints, what should our priorities be?

For solutions where we are not looking only to government, where would change come from? Who would initiate it?

Closing the discussion

You might close the discussion by asking one or more of the following questions:

Have your views of the economy changed as a result of this discussion? How?

What are the main areas of agreement and disagreement that came out in this discussion?

If our discussion were to go on, what aspect of the economy would you like to take on?

What would you like to communicate to policymakers about our long-term economic problems and what should be done?

Discussing immediate steps: An optional second session

If you choose to devote a second session to discussion of the nation's economy, you might frame it around the section "Part II – What Immediate Steps Should We Take to Revitalize the Economy?"

Since new ideas constantly move to the top of the political agenda, your study circle should revise and add to the list of ideas presented in this section. You might ask: *What other specific policies should be included in our consideration of what Washington should do now?*

Which of these policies will likely lead to longer-term solutions?

Which of these policies will likely be effective?

Which would have the most significant impact?

Is the policy politically realistic? Can it attain the political support it will need in order to be implemented?

Should any of these steps be at the top of the political agenda?

How should the government pay for the programs you recommend?

In concluding your consideration of immediate steps, ask someone to summarize the main areas of agreement and disagreement within the group. *Is there any agreement on steps that should be taken? on steps that should be taken first? on what our priorities should be as we take initial steps? on how the programs should be paid for?*

What would you most like to communicate to officials about policies for the near term?

Questions for Leading Welfare Reform: What Should We Do For Our Nation's Poor?

Beginning the discussion

You may wish to initiate the discussion of welfare reform by asking one or more of the following questions:

What are your greatest concerns about poverty and the welfare system?

What is your personal connection to this issue?

How do poverty and the welfare system affect your community?

Understanding the alternative approaches

For each of the approaches, ask a participant to volunteer to explain it to the group, even if it is not what that participant believes. For each approach, ask: *Why would a good, reasonable person take this approach?*

Debating the approaches

After all the approaches are on the table, ask participants to discuss the approaches based upon their actual preferences, concerns, and beliefs.

Select the approach you most prefer, and tell what you like about it. In what ways does it address your greatest concerns about poverty and the welfare system?

Many of us value individual initiative, freedom from government intrusion, hard work, charity to others, the dignity of each human being, and the idea that society has an obligation to help those in need. In certain situations it may be impossible to fully satisfy all of our values, and we will have to decide which is most important to fulfill. For any approach being discussed, ask: What values does this approach emphasize? What values are supporters of this approach willing to give up or to treat as less important?

For any approach being discussed, ask: *What are the costs (economic and other) associated with this approach? Who will bear these costs? Is paying them worth what might be gained from pursuing this course of action?*

Is there someone who would like to offer a "fifth approach," either a new one or one that combines the best elements of the four presented here? Is this approach realistic? What are the likely costs of pursuing it?

Closing the discussion

You might close the discussion by asking one or more of the following questions:

How have your views about our approach to the welfare system changed as a result of this discussion?

Would someone like to summarize the major points of agreement and disagreement from this discussion? If we were to continue this dialogue, how would you like to proceed?

Do you think that there are any points that supporters of each of the approaches might agree on? Are there any specific welfare reform policies that everyone in this group could support?

What advice would you give to policymakers about welfare reform?

Questions for Leading

The Role of the United States in a Changing World

Beginning the discussion

You may wish to use one of these two approaches to begin your discussion:

How do you think the recent changes in world politics will be affecting the United States ten years from now?

What do you see as the greatest threat(s) to the United States in the next ten years? You might post the following list or provide it on a handout:

aggressor nations	international terrorism
strong economic competitors	Third World poverty
conflict within the former Soviet Union	regional conflicts
poverty in the U.S.	dictatorships
an imperialistic Russia	nuclear war
economic downturns	environmental problems
Islamic fundamentalism	the drug problem
human rights abuses	Third World debt

a weak educational system at home

proliferation of nuclear, chemical, and biological weapons

Do you have any threats to add to this list? Of these possible threats, which is the most likely to occur? Which are the most serious?

Understanding the futures

In this part of the discussion your aim is to help the participants understand the futures before they discuss their relative merits.

For each future, you might ask: *What are the two or three strongest points that can be made for this approach?*

Debating the futures

At this point in the discussion, ask participants to discuss the futures based on their actual preferences, concerns, and beliefs. You may want to use some of the following questions.

Select the future you most prefer, and tell what you like about it. What do you least like about it?

As Americans, we hold many values: freedom, justice, democracy, pragmatism, equality, self-reliance, human rights, competitiveness. For any future being discussed, ask: To what values does this future give the greatest emphasis? the least?

Must our means be as moral as our ends in making the world a better or safer place? Are there sometimes good reasons to ally with dictators? Consider the history of our involvement in Latin America, our alliances in World War II, the Vietnam War, and the Gulf War.

Some say that what is good for the U.S. is good for the world. What do you think? If you think not, how would your selection of preferred future change if you were to stress global interests instead of U.S. interests?

For any future being discussed, ask: If the U.S. were to begin to implement this approach today, what specifically would we be doing differently around the globe? Does this approach resemble policy that the U.S. has tried in the past?

For any future being discussed, ask: What do you think is unrealistic or impractical about this future? Why won't it work?

For any future being discussed, ask: What are the costs (economic and other) associated with this approach? Who will bear these costs, and is paying these costs worth what might be gained from pursuing this course of action?

A preference for a particular future will reflect underlying beliefs about how world politics works. What assumptions underlie the future you most prefer? For examining these assumptions, you might ask the group to consider the following questions: Do we live in a world of good and evil, in which we must fight injustice whenever we see it? Do we live in a world of power, in which we must constantly try both to remain powerful and to balance other competing powers against each other? Is the world fundamentally interdependent, so that we all must sink or swim together? Is military strength becoming obsolete in the nuclear age?

For any future being discussed, ask: What beliefs about the uniqueness of the United States does this reflect? Do the special qualities of the U.S. give it a right or responsibility to influence other countries to behave in a certain way? Does our enormous economic and military power entitle us to any special privileges, obligate us to carry out special responsibilities, or both? Why?

Closing the discussion

You might close the discussion by asking one or more of the following questions:

Do you see any points that supporters of all four futures might agree on?

Is there someone who would like to offer a fifth future, either a new one or one that combines the best elements of the four presented here? Are there any unrealistic elements in this future? What are the likely costs of pursuing this future?

What advice on our nation's role in the world would you give policymakers?

Follow-up Form

Please take a few minutes to complete and return this form. We need and appreciate your feedback.

- 1) Did you use the Election Year Discussion Set? ☐ yes ☐ no
 If so, how? (check all that apply)
☐ in a discussion group ☐ for reference or research material ☐ for lecture or classroom use

- 2) What did you think of the program?

	very good				poor
content	1	2	3	4	5
format	1	2	3	4	5
balance, fairness	1	2	3	4	5
suggestions for leaders	1	2	3	4	5
suggestions for participants	1	2	3	4	5

- 3) Please answer the following if you held or were part of a discussion group.

Your role was ☐ the organizer ☐ the discussion leader

What was the sponsoring organization (if any)? _____

How many attended? _____

Where was the program held? city _____ state _____

How many times did your group meet _____

Participants in this discussion group (check all that apply)

☐ came together just for this discussion

☐ hold discussions regularly

☐ meet regularly, but not usually for issue-oriented discussion

Would you use study circles again? ☐ yes ☐ no

- 4) How did you convey the results of your discussion to public officials or candidates for office?

- 5) What topics would you like to see in future discussion programs from SCRC?

- 6) Other comments?

Name _____

Organization _____

Address _____

Phone _____

Please mail to:
 Study Circles Resource Center
 PO Box 203
 Pomfret, CT 06258

or FAX to:
 (203) 928-3713

Do you know others who would be interested in the *Election Year Discussion Set*? Please attach their names and addresses, and we will forward information.

Public Talk Series Programs and Other Resources Available from the Study Circles Resource Center

Publications of the Study Circles Resource Center (SCRC) include the Public Talk Series (PTS); training material for study circle organizers, leaders, and writers; a quarterly newsletter; a clearinghouse list of study circle material developed by a variety of organizations; and a bibliography on study circles and small-group learning. Prices for PTS programs are noted below. (You are welcome to order a single copy of PTS programs and then photocopy as many as necessary for your group.) All other publications are free of charge.

Public Talk Series (PTS) programs

___ Special 1992 Election Year Discussion Set

\$5.00 for the set:

- *The Health Care Crisis in America*
- *Welfare Reform: What Should We Do for Our Nation's Poor?*
- *Revitalizing America's Economy for the 21st Century*
- *The Role of the United States in a Changing World*

Domestic Policy discussion programs - \$2.00 each

- ___ 203 - *Revitalizing America's Economy for the 21st Century*
- ___ 401 - *The Health Care Crisis in America*
- ___ 501 - *Homelessness in America: What Should We Do?*
- ___ 302 - *The Right to Die*
- ___ 301 - *The Death Penalty*
- ___ 304 - *Welfare Reform: What Should We Do for Our Nation's Poor?*
- ___ 202 - *American Society and Economic Policy: What Should Our Goals Be?*

Foreign Policy discussion programs - \$2.00 each

- ___ 303 - *Are There Reasonable Grounds for War?*
- ___ 106 - *International Environmental Issues: U.S. Policy Choices **
- ___ 105 - *Facing a Disintegrated Soviet Union **
- ___ 107 - *The Arab-Israeli Conflict: Looking for a Lasting Peace **
- ___ 102 - *America's Role in the Middle East **
- ___ 104 - *The Role of the United States in a Changing World **

* based on material developed by the Choices for the 21st Century Education Project of the Center for Foreign Policy Development at Brown University

Other resources from the Study Circles Resource Center

Pamphlets

- ___ "An Introduction to Study Circles"
(20 pages)
- ___ "Guidelines for Organizing and Leading a Study Circle" (32 pages)
- ___ "Guidelines for Developing Study Circle Course Material" (32 pages)

Resource Briefs (single pages)

- ___ "What Is a Study Circle?"
- ___ "Leading a Study Circle"
- ___ "Organizing a Study Circle"
- ___ "The Role of the Participant"
- ___ "Developing Study Circle Course Material"
- ___ "What Is the Study Circles Resource Center?"
- ___ "The Study Circles Resource Center Clearinghouse"

Connections (single-page descriptions of programs)

- ___ Adult Religious Education
- ___ Youth Programs
- ___ Study Circle Researchers
- ___ Unions

Focus on Study Circles (free quarterly newsletter)

- ___ Sample copy
- ___ Subscription

Other Resources

- ___ Clearinghouse list of study circle material
- ___ Annotated bibliography on study circles, small-group learning, and participatory democracy

Please send in your order, with payment if you order PTS programs,
with your follow-up form on reverse.